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Stock Markets Drop Across Europe and The Americas

Fire Sale of Asian Assets **Undermines Economies** In Russia and Venezuela

> By Mitchell Martin tional Herald Tribune

NEW YORK - Stock prices crumbled in Europe and the Americas on Friday as deflationary pressures from Asia infected other emerging markets, notably Russia and Venezuela.

The stock-market declines were exacerbated by

the U.S. missile attacks Thursday on suspected terrorist facilities in Afghanistan and Sudan and by President Bill Clinton's political problems.

The U.S. stock market was among the least affected, with the Dow Jones industrial average closing down just 77.76 points at 8,533.65, or 0.90 percent. Bond prices rose in America and Western Europe as investors opted for the relative safety of the fixed-income markets. Asian stock markets, which have been depressed for months, generally showed only minor losses.

The sharpest falls were recorded in South American stock markets, where key indexes fell as much as 8.4 percent. Trading was automatically halted for half an hour in Sao Paulo after the Bovespa. index fell by more than 10 percent. The benchmark index recovered to finish down 2.85 percent. In Venezuela, the benchmark stock index lost 8.4

percent, and in Argentina stocks lost 7.8 percent.
Key equity indexes in Europe fell 3 percent to 4
percent, except in Germany, where the benchmark DAX closed 5.92 percent lower, reflecting
German banks' exposure to Russia. Moscow precipitated the market turmoil Monday when it declared a moratorium on debt owed by banks and other borrowers and said it would allow the ruble to fall by as much as a third.

"What we are seeing," said Desmond Lachman, emerging markets economist at Salomon

See MARKETS, Page 10

Russia's Duma Demands Yeltsin Surrender Power

By Michael Wines New York Times Service

MOSCOW - The man who climbed atop an armored vehicle and led Russia out of communism in August 1991 has scarcely been seen in public since his country's financial markets and its currency fell off a cliff last week.

The big mestion - for him and for the reforms he champions - is whether Russians care any longer.

President Boris Nikolayevich Yeltsin, aheady

deeply unpopular, now seems to have sunk even lower in political and public esteem than his country's rable.

The Duma, Russia's lower house of Parliament, voted, 245-32, on Friday to ask him to resign. Newspapers are savaging him with head-lines like "The Devaluation of the President." Political analysts say the week's events all but abort prospects that Mr. Yeltsin, now 67, might

seek a third term in 2000. His top aides, a best-and-brightest crew widely admired abroad, are now so tarred by failure at home that their own political prospects are

In fact, there is nobody on Russia's political horizon who embraces the president's Westernized brand of economic policy and - just as important - has a chance of winning a pres-

idential election "There is nobody to continue the reforms," said Otto Latsis, the deputy editor of the news-

See RUSSIA, Page 4

THIS IS GOING TO BE A LONG-TERM BATTLE'



Ruins of El-Shifa pharmaceutical plant in Khartoum, Sudan, on Friday after U.S. cruise missiles came in during the night. The U.S. contends lethal research was under way at the site.

Struggle Gains New Dimension

A Look at How the Fight Against Terrorism Will Change

By Joseph Fitchett

PARIS - The U.S. war against terrorism assumed new dimension with the cruise missile strikes at targots in Afghanistan and Sudan. As with any adjustment to policy, questions abound. This is an effort to answer the most crucial ones.

What is different about these air raids and previous ones against terrorists?

The action signals a shift to more aggressive U.S. counter-terrorist tactics in response to a new phenomenon - "the privatization" of terrorism - in which individuals such as Osama bin Laden have rorist groups are less vulnerable than governments to traditional international pressures.

Striking directly at the terrorists' camps is the first striking directly at the terrorists camps is the first step in a new counter-terrorist strategy designed to cope with this new fluidity in terrorists' moves.

What does it mean when President Bill Clinton promised it would be "a long war?"

This approach will probably ablige the United

States to use force again and again. A need for military

actinn will shift budget priorities — for example, to intelligence. In turn, the United States actions will step up political pressures on other governments, friend and foe, to take account of the determination by the United States to protect itself against terrorism. Was the United States violating International

laws by these missile attacks?

Not if Washington acted in self-defense. Intervening unilaterally in a sovereign country is normally deemed aggression, but the UN Charter authorizes nations to strike pre-emptively against an imminent threat — precisely the language that U.S. officials have used in talking about Mr. bin Laden's plans for fresh terrorist strikes.

Significantly, U.S. officials justified the strike retaliation for the bombings of the embassies - themselves an act of war - but instead as moves to defend Americans against a constant threat by terrorists. How important is Osama bin Laden?

He is considered particularly formidable because nf his credentials among Islamists committed to armed struggle and his extensive exposure to the West -

See QUESTIONS, Page 4

Osama bin Laden

Actions attributed to Osama bin Laden or

 Provided safe house the World Trade Center bomber, Ramzi Ahmed

 Attacked U.S. soldiers in Yemen and Somalia

during peacekeeping operations in 1993. Killed seven people in

1995 bombing of U.S. training facility in Riyadh, Saudi Arabia.

sination attempt on

President Hosni Mubarak of Egypt. Bombed Khobar Towers facility in Dhahran, Saudi Arabia, in 1996 killing 19 U.S. servicemen.

 Participated in Aug. 7 bombings of U.S. embassies in Nairobi and Dar es Salaam. Source: U.S. Defense Department, Washington Post. Born: Around 1955 in Jidda, Saudi Arabia.

Family background: Youngest son of the late Mohammed bin Laden, a wealthy Saudi who founded the Bin Laden group, a construction company involved in Saudi government contracts. Osama bin Laden inherited about \$300

1979: Leaves Saudi Arabia to fight Soviets in

Mid-1980s: Co-founds group to help funnel fighters and funds to the Afghan resistance and establishes recruitment centers around the world. 1988: Forms organization to support Islamic opposition

1989: After Soviet withdrawal from Afghanistan, bin Laden returns to Jidda to work in family's business. 1991: Saudi Arabia expels bin Laden for his anti-

Islamic extremist activities.

government activities. He relocates to Sudan. 1996: Sudan expels bin Laden largely in response to U.S. and UN pressure. Bin Laden takes refuge in Afghanistan, where he continues his support of

U.S. on Alert, Preparing for 'War' on Terror

By Brian Knowlton

WASHINGTON — The United States warned Friday that its missile strikes against sites in Afghanistan and Sudan signaled the start of a 'long-term

battle" against terrorists.
Officials ordered heightened security at installations abroad and at bases and government buildings in the United

With a sense of threat greater than at any time since the Gulf War, security measures were heightened immediately at many major airports in the United States and in other countries,

The State Department has urged Americans abroad "to exercise much eater caution than usual."

A terrorist response to the cruise mis-sile attacks was almost certain, Sec-retary of State Madeleine Albright

"This is not gning to be something that is dealt with overnight." Mrs. Albright said on NBC. "This is going to be a long-term battle against terrorists whn have declared war nn the United States."

Other key officials joined Mrs. Albright in warning that the battle with terrorists was far from over.

"We are certainly going to do ev-erything we can to defend nurselves," said Samuel Berger, the national se-curity adviser, 'but we're also going to

He added, "We have to be ready to take a wide range of actions."

Attacks Thursday inflicted "medium to heavy damage" on terrorist bases in Afghanistan and "functionally destroyed" a suspected chemical weapons factory in Sudan, Mr. Berger said Friday. He and Mrs. Albright called the strikes a success.

U.S. warships in the Red and Arahian seas fired 75 to 80 Tomahawk cruise missiles. President Bill Clinton interrupted his Martha's Vineyard vacation to make a dramatic announcement of the U.S. strikes.

Mr. Clinton said the United States had "convincing" evidence that ter-rorists loyal to Osama bin Laden, a wealthy Saudi exile, were responsible fnt the Aug. 7 bombings of U.S. em-bassies in Kenya and Tanzania, which killed more than 260 people. He said they were planning new attacks against American targets.

Officials in Afghanistan said that 21 people died there and 30 were injured in attacks on training camps and weapons

Sndanese officials said that at least 10 workers were injured, some critically, in attacks nn a factory that locals insisted produced naly pharmaceuricals, includ-

ing auti-malaria drugs.

Damage to that factory, in an industrial district north of Khartoum, was clearly extensive. A CNN correspondent reported seeing thnusands of small pill bottles amid collapsed walls, twis-

ted girders and smoldering ruins.

Mr. Berger said it was possible that weapons-related chemicals were not all that the plant produced.

He added pointedly, however,

"There is no question in my mind that the Sudanese factory was producing chemicals that are used, can be used in VX gas. This was a plant that was producing chemical-warfare related

The World Reacts

Many Muslims voice fury nver the U.S. strikes and pre-dicted more violence. Page 5.

The European allies offer their support. Page 5.

 Specialists debate the effectiveness of striking back after terrorist attacks. Page 4.

• A certain film, 'Wag the Dog,' comes to mind as life imitates art imitating life. Page 3.

Private Woes And Public Responsibility For President

By John F. Harris Washington Past Service

WASHINGTON - Ten days ago, President Bill Clinton flew overnight from a political trip in California for a White House meeting at which his na-tional security team laid out planning for a military attack against a terrorist

network linked to Osama bin Laden. The next day, Mr. Clinton sent word to some of his advisers that he had decided, after mnnths of stalling, that he had no choice but to address the nation about his extramarital relationship with

Monica Lewinsky. The day after that, last Friday, he mer again with the security team and gave approval for the retaliatory attacks in Afghanistan and Sudan. Then he spent the weekend closeted in the White House, preparing to meer with pros-

ecutors for queries into his sex life. On Monday, before his meeting with prosecutors about Ms. Lewinsky and his televised speech that night, there was a series of discussions with advisers about preparations for the military strike.

On Tuesday, the president flew to Martha's Vineyard, Massachusetts, for what aides said would be two weeks of healing time with his family.

All the while, he and a small number of national security officials knew the truth; Mr. Clinton planned to return soon to Washington so he could speak again to the nation, this time from the Oval Office about the U.S. military actinn he had nrdered to avenge the Aug. 7 embassy bombings in Kenya and Tan-

And so it went for nearly two weeks. several cluse presidential advisers said Wednesday, as Mr. Clinton's schedule and thrughts hurtled back and forth between twn crises of a very different nature. Even as Mr. Clinton was preparing to acknowledge a difficult truth about one secret in his private life, he was harboring another secret dealing with one of the most difficult respon-

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Page 13. Page 6. Opinion Pages 18-19. The IHT on-line www.int.com

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Mandela Sets Up Talks on Congo Crisis Zimbabwe Troops Arrive to Aid Kabila as Risk of a Regional War Grows

By Nori Onishi

KINSHASA, Congo - As more countries became entangled Friday in the 19-day civil war in Congo, threatening to turn the central African nation into a battlefield for theethnic, political and diplomatic rivalries on the con-tinent, President Nelson Mandela of South Africa annunced plans to hold weekend talks with the leaders and

sponsors of the war. In Kinshasa, aides to President Laurent Kabila said they would par-ticipate in the negotiations. And the South African government announced that heads of the main countries involved in the conflict had also agreed to meet in Pretoria on Saturday. The announcement came after Zi-

mbabwe began openly supplying Mr. Kabila's overwhelmed forces with arms and troops in the reginn southwest nf here, possibly altering a situatinn in which the fall of Kinshasa seemed all

but inevitable. Meanwhile, Rwanda and Uganda, which have steadfastly denied buttress-ing the rebellion against Mr. Kabila, used unusually harsh words to denounce

The South African government, which has been pressing for a peaceful resolution to the conflict and has op-posed military interventing, said that Mr. Mandela would meet with Mr. Kabila and the presidents of Zimbabwe, Uganda and Rwanda. The next day, representatives of the 14 nations of the Southern African De-

velopment Community are scheduled tn

meet to try to agree on a policy toward Two nf the organization's biggest

members, Snuth Africa and Zimbabwe, have locked hnrns on the issue of military involvement. Uganda and Rwanda do not belong to the nrganization, whose chairman is Mr.

"It could be a turning point," said a European ambassador in this city. "I think nn Saturday, they might try to get the major players together to iron out their differences before the Sunday

meeting."
But the conflict has already damaged long-term relations among countries in this region, he said, adding: "Relations between South Africa and Zimbabwe

See CONGO, Page 4

Friday @ 4 P.M. 8.0266 6.03 Pound Dollars per pound 1.6365 --- 77.76 --- 10,36 1,081.24 -- 34.81

Lewinsky Returns

Monica Lewinsky nffered more details in her second grand jury appearance as prosecutors sought disfinctions between her testimony and that of President Clinton. Page 3.

AGENDA Ex-Klan Chieftain Convicted of Murder

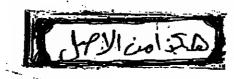
HATTIESBURG, Mississippi (AP) The former Ku Klux Klan chieftain Samuel Bowers was convicted Friday nf ordering the 1966 firebomhing death of a civil rights activist, Vernon Dahmer. The Finnest County Circuit Court jury

deliberated just over two hours before convicting Mr. Bowers, 73, of arson and murder. The conviction, which followed four days of testimony, came after four trials in the 1960s ended with dead-

locked juries. Mr. Bowers showed no emotion as the

verdict was read. "Take him away," Circuit Judge Richard McKenzie said after the jury foreman announced the verdict. The sentence carried an antomatic life term.

There was no immediate indication as to whether Mr. Bowers would appeal.



Botha Convicted for Ignoring Subpoena

Former South African President Threatened With Jail if He Refuses to Testify

GEORGE, South Africa -Former President Pieter W. Botha Africa's simmering racial divisions. was convicted Friday of ignoring a subpoena to testify about apartheid

A black magistrate gave Mr. Botha, the last of the hard-line leaders of apartheid, a one-year sus-pended jail sentence and ordered him to pay a fine of 10,000 rand (\$1,600) for ignoring the summons from the Truth and Reconciliation Commission, led by Archhishop Desmond Tutu. The judge threatened Mr. Botha with prisoo if

he repeats the snub. Magistrate Victor Lugaju could have sentenced Mr. Botha, 82, to two years in prison, but he said he took into account the age and frail health of the former president.

Judge Lugaju criticized Mr. Botha for his refusal to cooperate with the commission, which is investigating abuses, including murder and torture, carried out un-

"Right through the proceedings, the accused has shown no remorse,"

leading politician among Kosovo Albanians called Friday for foreign

Kosovo to halt the Serbian "war

Rugova, came after France warned

that military intervention might be

the only alternative to halt the fight-

ing in Kosovo if U.S. diplomacy did not produce a cease-fire and peace

In Kosovo, the Yugoslav news agency Tanjug reported that ethnic

Albanians opened fire oo a Serbian

police patrol 30 kilometers (20

miles) northwest of Pristina, in the

oumber of Albanians had been

wounded in the shoot-out.

The report said an unspecified

There was oo immediate reaction

town of Vucitm.

from the Albanians.

The call, issued by Ibrahim

powers to declare a ''no-fly zone' over the secessionist province of

machine" in its crackdown.

Kosovar Calls on West;

PRISTINA, Yugoslavia - The day, despite Serbian success in driv-

Paris Hints at Action

Judge Lugaju said in his ruling at the lanta, where he will spend the pear at commission hear-end of a trial that underscored South academic year writing and teaching. ings — which have now

The state prosecutor, Bruce Morrison, had asked for a fine of 60,000 rand, but because of Mr. Botha's age, had not sought a prison term. 'Had the accused beeo 30 or 40 asked for imprisonment to be imposed," he said.

Judge Lugaju dismissed defense claims of technical faults with the subpoena and accusations that the commission was biased.

"The commission went to great lengths to assist the accused and meet his requirements," the magistrate said.

Archbishop Tutu that he felt sorry" for Mr. Botha.

"He has been found guilty in an open court where he had the opportunity of being defended by lawyers of his own choice — something he did oot allow opponents at the time he was state presideot," the retired archhishop and Nobel laureate said, speaking at a news con-ference at Emory University in At-

Kosovo Liberation Army oo Thurs-

ing the rebels from most of their

Mr. Rugova repeated demands that

civilians driven from their homes by

the fighting be allowed to return

claiming that the Serhian police

"It is necessary to establish a ban on military flights over Kosovo," Mr. Rugova said. "That is one of the ways to stop the Scrhian war ma-

chinery in Kosovo."
"The situation in Kosovo is very

difficult and dangerous," he added.
"The offensive by Serbian police and

under "international supervision."

were blocking their attempts.

Speaking at a news conference,

"Ultimately, right will prevail I'm ended — Mr. Botha may

still distressed for him. Mr. Botha's lawyer, Ernst Penzhorn, said an appeal would be sion's amnesty work con-beard in the Cape Town High Court. tinues. Mr. Botha's He expressed hope that another sentence was suspended on years younger, the state would have court would come to a different con- condition he obey all future clusion. Conservative whites sympathized with Mr. Botha's complaint that the commission is conducting a witch hunt against their race, while many blacks see the

> isters in apartheid governments. As Mr. Botha left the court buildming up its often painful expose of ing, about 30 supporters of the governing African National Congress jeered and waved placards demanding that he be jailed.
> "We can forgive him for the past.

panel as being too soft oo top min-

Send him to jail for his arrogance, read one. Mr. Botha declined to comment to reporters, hut appeared relaxed and jovial in court as he chatted to

friends and relatives. He was released on a bail of 50 rand. Though originally asked to apbe served with more subpoenas as the commis-

Bringing Mr. Botha to as it prepares to submit a final report to President Nelson Mandela in October sum-

the country's past. Alex Boraine, the acting commission chairman, said the verdict

was a triumph for justice in post-apartheid South Africa.

"Mr. Botha has been publicly held accountable for his actions in a court of law, and he has been afforded every opportunity to defend himself — something which was often denied to his political oppo-nents during the years of his rule,"



court was a vital test for the Pieter W. Botha, the former hard-line commission's credibility president, arriving in court Friday.

Mr. Boths ruled for 11 years until 1989, when he was ousted in an internal party struggle after he suffered a stroke and was replaced by the more liberal F.W. de Klerk.

Daryl Swanepoel, spokesman for the National Party that Botha headed, criticized the commission for taking Mr. Botha to court.

He complained that while the Truth Commission granted hlanket amnesty to several ANC figures the amnesty was subsequently annulled by the Supreme Court - "in the Botha case they rushed into legal action."

(AP, Reuters)

BRIEFLY

Cambodian Leaders Accused Of Attempt to Kill Sam Rainsy

PHNOM PENH — The Cambodian opposition Friday accused the country's leaders of trying to kill the prominent dissident Sam Rainsy in a grenade attack and vowed to take their challenge against alleged election fraud to the streets.

Mr. Sam Rainsy and three other leading opposition figures, appearing at a news conference, urged the international community to withdraw the endorsement it has bestowed on parliamentary elections last month won by the strongman Hun Sen. The opposition leaders said they would go ahead with a massive protest Sunday against alleged election-stealing by Mr. Hun Sen and announced that they would hold daily demonstrations afterward.

Mr. Sam Rainsy was leading a sleep-in protest Thursday at the election committee's headquarters, inside the interior Ministry compound, when several shots were fired and a grenade was tossed from a passing car.

The grenade did not clear the wall and exploded outside it, killing a driver for the Kyodo news agency of Japan. Mr. Sam Rainsy was unharmed.

Former Spanish Minister Appeals His Conviction in Dirty War

MADRID — A former interior minister convicted of involvement in a "dirty war" against Basque separatists appealed to Spain's highest court on Friday, with a former prime

minister, Felipe Gonzalez, acting as his lawyer.

Jose Barrionuevo and his former deputy, Rafael Vera, who served in Mr. Gonzalez's Socialist government during the 1980s, asked the Constitutional Court to throw out their convictions and rescind their 10-year prison sentences.

They argued that prosecutors failed to present sufficient proof of their guilt during a Supreme Court trial that ended with guilty verdicts late last month, according to court doc-

In an effort to help his two former lieutenants clear their names, Mr. Gonzalez, a former labor lawyer who has not practiced since entering political life, joined their legal teams and signed his name to their appeals.

Mr. Barrionuevo and Mr. Vera were among 12 defendants convicted in the 1983 kidnapping of a Basque businessman that marked the start of a covert campaign of terror against the separatist guerrilla group ETA. (Reuters)

U.S. and North Korea Hold Talks

NEW YORK — The United States and North Korea met Friday to discuss progress oo the North's 1994 agreement to stop ouclear weapons development amid reports of a suspected nuclear project in the country.

The United States has said it lacks firm evidence that North

Korea has reneged on its commitment under the agreement Pyongyang undertook to refrain from nuclear weapons development in exchange for Western-built civilian nuclear reactors and fuel-oil shipments.

Media reports this week alleged that the North was working on a ouclear project at an underground complex in a mountainside 40 kilometers (25 miles) northeast of Yongbyon. It was at the Yongbyon muclear facility where North Korea was believed to have made enough plutonium for one or two bombs before the 1994 accord.

(AP) UN and European officials have

'People's Parliament' in Burma?

RANGOON - Burma's opposition said Friday it would shortly call a "people's Parliament," raising the pressure on the country's military rulers, who ignored the result of a general election eight years ago.

The defiant amouncement from the National League for Democracy came after the government ignored a Friday deadline set by the opposition for the convening of a parliament.

Diplomats said the move set the stage for a more intense round of political confrontation in coming days. (Reuters)

Corsican Nationalist Is Slain

AJACCIO, Corsica - A militant Corsican nationalist was shot to death early Friday at a party organized by a nationalist group, and police said they were trying to establish if the

killing was politically motivated. Jean-Christophe Garelli, 27, was shot 10 times in the back after a heated argument during the festivities organized by the Movement for Self-Determination (MPA) on the French

For the Record

WEATHER

An Italian man was killed Friday in the collision of two boats in the Venetian lagoon, the third fatality from such an accident in recent days, news reports said. Tiziano Spinadin, 38, died while being taken to a Venice hospital.

military forces continoes, as well as the shelling of Albanian villages."

In other parts of Kosovo, he ad
Yugoslav soldiers repairing an armored personnel carrier in a convoy on the highway to Drenica.

90 percent ethnic Albanian.

ded, Serbian repression of the populace is unabated. Such confrootational rhetoric In a telephone call Thursday to cootinued despite American efforts President Boris Yeltsin of Russia, President Jacques Chirac of France Both Kosovo Albanian and Ser- to pave the way for a cease-fire and hian sources reported fighting be- peace talks on the future of the Ser- said that unless fighting stops and tween government forces and the bian province, whose population is peace talks begin soon, military ac-

tion "will become difficult to avoid."

riorating humanitarian situation in

warned that unless the refugees can Aides said Mr. Chirac was es- return in time to harvest crops in the pecially concerned about the dete-next few weeks, the province could face severe food shortages this

Military Investigates New Allegations That Tank

Rammed Into Crowd of Muslims in Srebrenica The Associated Press

Bosnia Haunts the Dutch

AMSTERDAM — The Netherlands ging in combat. is haunted anew by the ghosts of a Bosnian massacre. It is Serbs who stand accused of

killing thousands of Muslims io July 1995 and bulldozing their bodies into shallow mass graves in the northeastern Bosnia-Herzegovina enclave of Sre-brenica. But the Dutch are agonizing over the massacre.

The Netherlands, its peacekeepers criticized for failing to stop some of the Bosnian war's worst atrocities, has been scandalized by oew allegations that Dutch soldiers may have killed Muslims in Bosnia.

The Defense Ministry is investigat-ing reports that Dutch UN peacekeepers assigned to protect Srebrenica drove a tank into a crowd of Muslims, killing as many as 30 people. The military also is probing allegations that it deliberately destroyed film footage showing its troops helping Serbs separate Muslim men from women for deportation. "What Saigoo is for the Americans,

Srebrenica is for the Dutch: a scratch on the people's soul," the Dutch news-magazine HP/De Tijd said this week.

Dutch angst over the affair began early in 1996, when the world realized an area designated by the United Nations as a safe haven for Muslims had become a killing field.

Criticized by the international community for doing little if anything to stop the slaughter, Dutch commanders responded that their 300 troops were ontnumbered and outmuscled by the Serbs and restrained by a weak UN

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mandate forbidding them from enga-At first, those denials were enough from the soldiers that the Dutch had

come to think of as heroes. But then four Dutch medics asserted that they had been ordered not to treat wounded Muslim civilians. The mil-

itary denied it.

Then came publication of a photograph, taken when the siege ended, of the Dutch unit's commander, Lieutenant Colonel Ton Karremans, glass in hand, with General Ratko Mladic, the Bosnian-Serb commander who has been indicted for genocide for commanding

Now, with the latest allegations of troops driving a tank through a crowd of Muslims, the accusations have become a national obsession. This week, one entertainment magazine broke from its usual lighthearted fare and printed a large photo

the siege and who remains at large.

of bones protroding from a mass grave.

"It's an emotional situation. We have to tread carefully," Defense Minister Frank de Grave said. "I want the facts out in the open as soon as possible."

Although the UN tribunal in The Hague absolved the Dutch unit of atroc-

ities in 1995, the state prosecutor and the Netherlands State Institute for War Documentation are investigating along with the military.

Former peacekeepers, meanwhile, have defended their actions. Sergeant Robert van Essen wrote

Thursday in a commentary for the daily Algemeen Daghlad, "Imagine this scenario: You are hlocked by a group of armed Muslims. Stop? Then you'll be pulled out of your vehicle, disarraed and probably lynched. Ride through? In a split second that's what you decide."

He ended with a jab at the politicians now demanding a full accounting: Thanks for such wonderful and exemplary support of the soldiers you sent

Some fear the Dutch will never exorcise the demons of Srebrenica. "It's a horrible story," said former Defense Minister Joris Voorhoeve, who also is implicated in the affair. "I don't think we'll ever fully cope with it."

U.S. Orders Air Travel Alert

WASHINGTON (AP) — Fearing retribution, some airports in the United States began augmenting security measures just hours after the military strike against targets in Sudan and Af-

On Thursday evening, the Federal Aviation Administration issued an advisory prohibiting U.S.

airlines from flying over those two countries. Foreign carriers that have passenger-sharing agreements with U.S. airlines were banned from taking passengers with U.S.-issued tickets over the

affected airspace, the agency said.

Awaiting further federal directives on security, some airports implemented additional security precautions oo their own.

Tropical Storm in Caribbean

MIAMI (AP) — A tropical storm skirted the northern Caribbean on Friday with winds of 50 miles (80 kilometers) per hour, bringing rain and wind to several islands. Forecasters expected it to become a hurricane by Sarurday. Winds of tropical storm force extended 145

miles from the storm's center. A tropical storm warning was in effect for the U.S. and British Virgin Islands in the northeastern Caribbean. A tropical storm watch was issued for the south-

eastern Bahamas and the oearby Turks and Caicos A tropical storm watch in effect for Puerto Rico,

Antigua, Barbuda, Anguilla, St. Maarten, Saba and St. Eustatins was expected to be lifted later Friday. Rain bands from the storm were producing heavy

The computer system serving air traffic in New England and New York blacked out for 37 minutes Wednesday night, causing havor from the Canadian border to Long Island, the Bostoo Globe reported Friday. Cootrollers were following 300 planes when all information on altitude, air speed, route and destination was lost. (Reuters)

Belfast Police Seek Tips on Bombing

The Associated Press

BELFAST — The police have appealed for help in identifying two men sponed parking and then walking away rom the car that contained a bomb that killed 28 people in Northern Ireland.

The police on Thursday freed three of five men they had arrested in an effort to track down the Irish Republican Army dissidents responsible for the Ang. 15 blast, the deadliest terrorist attack in Northern Ireland since the conflict began in 1969.

Under British anti-terrorist law, the two remaining suspects can be held for up to a week before being released or charged.

The police moves came after three days of funerals for the slain civilians. who were both Protestant and Roman Catholic. More than 330 people were

The Real IRA, which refuses to adhere to the IRA's July 1997 truce, has insisted it did not mean to cause a massacre. A spokesman using a recognized code word announced the group would "suspend" car bomh attacks in Northem Ireland. The alleged commander of the group, Michael McKevitt, has denied any connection to the explosion and has not been arrested.

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Forecast for Sunday through Tuesday, as provided by AcculVeather. North America
Hurricane Bonnie will Mid with some sunshine in. Dry and seasonably warm-cause high surf from the Carolinae to New York, but and Tuesday, but windy in Helling Sunday until Tuesday. South Rose and the Atlantic Suny and hot in the Southwest. Gusty with and southwest. Gusty with and southwest. Gusty with and south most formany into Sweden and sortes the northern Pigine Norwey. Mostow and most sunday, then sunny and souther as thundarstorms will visible of Russia will be warm and honday, then some shift east across the Great form Spain to Greece and soon rain will be in weetern trails, south of Borribay. Europe North America

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Lewinsky Tells Grand Jury More About Presents and Sex With Clinton

By Don Van Natta Jr. and Richard L. Berke

WASHINGTON — In her second and probably final appearance before a grand jury here, Monica Lewinsky offered more specifics about her sexual -relationship with President Bill Clinton as prosecutors sought to draw distinctions between her testimony and that of the president, lawyers close to the case

". During the three-and-one-half-hour session Thursday, prosecutors bore in on the events that led Ms. Lewinsky to return gifts from the president that had been subpoensed in the Paula Jones sexual misconduct lawsuit last December, the lawyers said.

... The events surrounding the gifts are potentially the most serious for the president because prosecutors are seeking to determine whether he instructed Ms. Lewinsky to turn the gifts over to his secretary, Betty Currie, rather than give them to lawyers for Mrs. Jones.

Ms. Lewinsky testified Thursday that
she told Mr. Clinton last December that
over gifts he had given her to Mrs. the Jones subpoena demanded gifts he had given her, a lawyer familiar with her account said

The president told her that she could not turn over the gifts if they were not in her possession, Ms. Lewinsky has told

The day after her discussion with the president, Ms. Lewinsky received a phone call from Ms. Currie, who told her, "I hear you have something for me," Ms. Lewinsky told the grand jury Thursday, lawyers familiar with her account said. Ms. Lewinsky said that she just assumed that Ms. Currie was referring to the gifts, the lawyers said.

Later that day, Ms. Currie went to Ms. Lewinsky's apartment to retrieve the gifts, the lawyers said in their account of her testimony.

But this account differs in some respects from Mr. Clinton's testimony Молдау.

Mr. Clinton told the prosecutors that he told Ms. Lewinsky in December

over gifts he had given her to Mrs. Jones's lawyers, lawyers familiar with his testimony said.

When asked about the role of Ms. Currie, he said he could not recall telling her to call Ms. Lewinsky about the gifts, the lawyers said.

Prosecutors are also investigating whether Mr. Clinton kept some of the gifts given to him by Ms. Lewinsky that had been subpoenaed by lawyers in the Jones case, lawyers close to the case

Ms. Lewinsky offered more specifics of her sexual encounters with the president than she gave in her testimony two weeks ago, her friends and associates The specifics of their physical con-

Mr. Clinton committed perjury in a deposition in the Jones case. Ms. Lewinsky, these people said, told the panel that he intimately caressed her

tacts are also central to the prosecutors'

case as they try to determine whether

several encounters inside the White Her account was far more detailed

than the president's testimony.

Before he began Monday, Mr. Clinton admitted to the grand jury in a statement supplied by his lawyers that he had "inappropriate intimate physical contact" with Ms. Lewinsky in the White House. But the president repeatedly declined to discuss specific

As prosecutors continue to try to determine whether Mr. Clinton lied in his January deposition in the Jones case, lawyers on both sides continue to wrangle over what constitutes sexual

In his grand jury testimony, Mr. Clinton argued that the type of relationship he had with Ms. Lewinsky did not meet the definition of sex used hy Mrs. Jones's lawyers, lawyers close to the case said. Three lawyers said he was implying that he had oral sex with Ms. Lewinsky without testifying to that dibreasts and touched her genitals during rectly.

But prosecutors are expected to argue that the acts described by Ms. Lewinsky on Thursday fall within the definition of 'sexual relations" used by Mrs.

Jones's lawyers.

Beyond the testimony, prosecutors have obtained a sample of Mr. Clinton's genetic material to determine whether it matches a semen stain on a dress Ms. Lewinsky turned over to prosecutors.

lawyers close to the investigation said. The FBI crime laboratory has determined that the stain on the blue dress was semen, two officials briefed on the results said Thursday.

If the DNA in that stain matches the DNA sample from the president, prosecutors would have forensic proof that the president's relationship with Ms. Lewinsky was sexual.

An adviser to the president said that the DNA sample was requested from Mr. Clinton last Friday and provided over the weekend.

Lawyers familiar with Mr. Clinton's testimony said prosecutors asked him questions about the dress.

Prosecutors apparently considered it important to obtain forensic proof of the relationship as well, perhaps anticipating that Mr. Clinton would likely maintain that his contacts with Ms. Lewinsky did not fit the definition in the Jones

During Mr. Clinton's testimony, osecutors also asked the president if he deliberately wore a necktie, given to him hy Ms. Lewinsky, during a Rose Garden appearance Ang. 6, the day Ms. Lewinsky first testified before the grand

Mr. Clinton said he did not believe the gold and royal blue tie had been a gift from her. He was then informed that she had testified she gave it to him, and the prosecutors asked if he had worn it that day as some kind of a "signal" to her, perhaps to influence her testi-

mony.

Mr. Clinton said again he could not from her. But remember if the tie came from her. But he insisted that he had no intention of sending Ms. Lewinsky any kind of message that day.



David Kaczynski, whose suspicions led the FBI to his brother.

Brother of Unabomber Gets \$1 Million Reward

Cash Will Go to Victims, His Lawyer Says

By James Brooke

NEW YORK — David Kaczynski and his wife have been given a \$1 million reward from the Justice De-works. But Anthony Bisceglie, his partment for turning in Mr. Kaczyn- lawyer, said that he expected Mr. Unabomber.

Mr. Kaczynski, an upstate New. among the victims and their families. York social worker, has said that he ... Mr. Bisceglie, who served as the his brother's 16 bombings over 17

Mr. Kaczynski told the FBI in 1995 it to Mr. Kaczynski and his wife.

at be suspected that his brother was "The mechanics have not been that be suspected that his brother was responsible for the attacks after he read worked out" for distributing the a 35,000-word tract from the bomber money, the lawyer said. He added that Post. The manifesto, which was pub- up almost half of the reward. lished with joint financing from The beard his brother express.

Ever since his brother's arrest in April 1996, Mr. Kaczynski has said that he did not go to the FBI out of interest in he refused to accept a defense based on the reward, which was offered in Oc- mental incapacity that could have tober 1993, but out of concern that brought a life sentence. As the trial more people could be hurt.

Theodore Kaczynski killed three people and injured 29 others, including university professors, corporate executives, a secretary, a security guard and

and wish to do whatever we can to ease their gricf," David Kaczynski said last autumn, referring to his mother, Wanda, who lives near the couple. "I know that mere money cannot give me," David Kaczynski said.

compensate for the loss of a loved one or rebuild a shattered life."

Mr. Kaczynski did not return calls made Thursday to Equinox, the shelter for troubled teenagers where he ski's older brother, Theodore, as the Kaczynski to stick to his plan to distribute the reward money, after taxes, will give the proceeds of the reward to initial liaison between David Kaczynfamilies of those killed and injured in ski and the FBL received the \$1 million check at his Washington law office

that was published in The Washington federal and state taxes could gobble

Wednesday. He said he had forwarded

Mr. Kaczynski has said that he was New York Times, echoed many of the emotionally torn by turning in his anti-technology sentiments he had brother. He battled before the trial this year to save his brother's life.

Prosecutors wanted a death sentence for Theodore Kaczynski, while was about to begin, prosecutors agreed in January to recognize Theodore Kaczynski's mental illness, to allow him to plead guilty to 13 attacks, in-cluding the three fatal bombings, and -12 passengers on an airplane. to not seek the death penalty. If "My mother and I respect their loss he received four life sentences. to not seek the death penalty. In May,

Throughoot the hearings, Theodore Kaczynski never acknowledged his brother's presence.

"I hope that Ted will someday for-

For Whatever Reason, People Think of 'Wag the Dog'

By Frank Bruni New York Times Service

NEW YORK - When the news that the United States had bombed terrorist targets swept through her midtown Manhattan office Thursday, Valerie David felt a predictable knot of emotions: sorrow for the loss of lives, coocern about the precision of the attacks, fear about where this would all lead.

But her reaction was threaded with what she described as a surreal, almost

comical sense of deja vu.
"'Wag the Dog," said Ms. David,
an Avon Products copy editor, stifling a chuckle. "Everybody at the office was talking about it, how ironic it was that life was imitating art."

In the movie, the president's aides contrive a war to distract attention from sexual transgressions. Was the administration doing something like that?

Cynical in the extreme, that was a from Morris Plains, New Jersey. question that some residents of the New fork region could not avoid asking.

It seemed to reflect not only the bizarre parallels between fiction and fact but also a profound distrust some Americans have begun to harbor. These Americans may well represent

a minority. A random sampling of opinions around the New York region yielded at least as many people who said the president's use of force in Afghanistan and Sudan seemed justified, that the U.S. could never be too aggressive in its ef-

forts to stamp out and deter terrorists. Even some of those people who pro-fessed antipathy toward President Bill Clinton did oot think he would stoop so low as to use military action to divert attention from Monica Lewinsky, with whom he admitted a relationship.

"I don't think he's that much of a dimwit," said Lina Fetter, an accountant

But there were others for whom the timing of the bombings, coming so fast on the heels of the president's televised address on Monday night, seemed a little too tidy, a little too cinematic.

'The first thing that popped into my mind was how convenient this was, said Brian Cooper, an investment hanking analyst who works in midtown Manharran. "My brother called me to tell me what had happened, and I said, 'Doesn't this remind you of 'Wag the Dog?'

The fact that Mr. Cooper could not be certain whether his suspicions of the president's motives had been planted by the movie, or were separate from it, was only one of the odd ways in which Hollywood and Washington commingled

As it happened, the pool of news rehouse where the president was staying in said I should bomb Afghanistan."

Martha's Vineyard had just settled down to watch "Wag the Dog" on pay-perview television when word came that the president would be interrupting his vacation for an important announcement. That announcement, of course, was about the attacks.

Kenneth Starr, the independent counsel investigating the Lewinsky affair, fielded a question about "Wag the Dog" from reporters on the steps of the courthouse in Little Rock, Arkansas.

"Yes, I have seen it," Mr. Starr said with a chuckle. "Other than that, I'm not going to comment."

Uncharitable reactions could be found on the Internet, which quickly spronted jokes that cast Mr. Clinton's actions as a cunning ploy. In one, a pollster tells the president, "Your speech bombed. I'm being as candid as I can." The president porters assigned to a tent outside the then informs an aide, "It sounds like he

POLITICAL NOTES

Aide's Notes Quote Gore On Fund-Raising Rules

WASHINGTON - The notes of a senior aide say that at a November 1995 White Honse meeting where the distinction between hard and soft money was apparently discussed, Vice President Al Gore told the others present to "count me in" on making fund-raising telephone calls that are oow the subject of a Justice Department review on whether to seek the appointment of an independent prosecutor.

·Mr. Gore's comment was recorded in handwritten notes by his deputy chief of staff, David Strauss, that appear oo several pages of a White House memorandum that discussed the Democrats' ambitious fund-raising strategy for the 1996 Clinton re-election campaign. The memorandum was turned over to the Justice Department by the White House about a mooth ago and has prompted prosecutors to begin the process of r to eack an investigate campaign finance abuses.

The notes suggest that Mr. Gore may oot have been candid in his public statements on the subject of the phone calls. He has said that he did oot realize that some of the large contributions be solicited in the fund-raising calls for general campaign purposes by the Democratic Party, such as registration drives, would be diverted to "hard money" accounts that directly financed such Clinton-Gore re-election devices as television ads.

But Mr. Stranss' notes indicate that Mr. Gore may have known that there was a distinction between "hard money" and "soft money" contributions because the subject appears to have to ask the White House. been discussed at the Nov. 21, 1995, meeting "He is handled by the attended by President Bill Clinton, Mr. Gore and senior campaign officials.

Mr. Strauss wrote "65 percent soft, 35 percent hard," an apparent reference to the division of contributions between hard and soft money accounts. In his small, oeat hand, be jotted a summer."

shorthand definition of soft money as "corporate or anything over \$20K from an individual.

The seemingly narrow question of whether Mr. Gore knew the distinction between hard and soft money is significant because Attorney General Janet Reno has said that telephone solicitations for the re-election effort, or hard money, by the president or vice president were subject to federal campaign finance laws and could be illegal.

Ms. Reno refused in December to seek an outside prosecutor to investigate Mr. Gore's phone calls, in effect clearing him of wrongdoing, because she had found oo evidence that he had known that money from any of his calls had been diverted to hard money accounts. But early this mouth the notes forced her to reconsider her decision, law enforcement officials said.

The officials said that Mr. Gore was recently questioned for about a half hour by Justice Department investigators. But his aides said he would ultimately be exonerated.

Where Is Socks the Cat?

WASHINGTON - There was Buddy in oewspapers Thursday, trotting ahead of his master on a Martha's Vineyard country road. There the chocolate Labrador was earlier this month, greeting the president on his return from a fundraising trip to California. And on Wednesday, Bucky was on the front page of newspapers around the world, alongside his burnans, Bill, Hill and Chels, as they left town.

But what about Socks? Where is that black-and-white cat who played First Prop when the Clintons came here in 1993? Has he been banished? Or ... worse? We decided

"He is handled by the first lady's press office," the president's media shop said.

A call to what Mrs. C's staffers call "Hillaryland" was answered by a spokeswoman, Inlie Mason, who said, "Socks is still here, alive and well. Maybe he doesn't like the heat of the

Away From Politics

 A judge ordered electronic monitoring devices removed from the legs of two Chicago boys, ages 7 and 8, who are charged in the death of an 11-year-old girl. They will be allowed to leave home only under adult supervision. (AP)

 A leak at a Philadelphia plastics plant spewed a yellow and white cloud, sending at least 20 people to the hospital and closing the Walt Whitman Bridge for bours. (AP)

 A robber who killed a convenience store clerk was executed by lethal injection in Virginia.

 A fire damaged the Goddard Space Flight Center extensively, but no one was injured in the blaze in Greenbelt, Maryland.



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Israel Is Said to Give Written Pullout Offer to Palestinians cused the government of Hebroo and in Lebanon, to Israeli- and Palestinian-Prime Minister Benjamin where Hezbollah guerrillas held sectors under an interim Palestinian, who stabbed a ly no say over land use. Jewish settler to death and set The newspaper Yedioth Ahronoth reported Friday held sectors under an interim peace agreement last year.

JERUSALEM — Inching toward compromise, Israel

for the first time confirmed to the Palestinians in writing since January to win accept-that it would withdraw from ance for a proposal that Israel 13 percent of the West Bank - with conditions, an Israeli newspaper reported Friday.

ator denied that any progress had been made and said that there had been oo negotiations between the two sides since Aug. 4.

Tame as Israeli troops sealed Bank, but 3 percent of that agreements and not creating off the West Bank city of area would be declared a new categories of land," the Hehron while searching for nature reserve and the Palan assailant, suspected to be a estinians would have virtu-

refused Friday to contribute to a \$1.25

billion settlement by the country's

two higgest commercial banks with

The Swiss National Bank an-

dinary meeting of its 40-member

United Bank of Switzerland and

"Credit Smsse said they expected other

Swiss companies and institutions to

help finance the agreement they made

in an ont-of-court settlement of bil-

lions of dollars' worth of claims by

Holocaust survivors.

Holocaust survivors.

board to discuss the accord.

fire to his home. Washington has sought

withdraw from 13 percent of the West Bank. The Palestinians reluctantly accepted But a Palestinian oegoti- the plan. Israel has said a pullback on that scale would endanger its security.

BERN — The Swiss central bank of all claims not only against the two

nounced the decision after an extraor- ment that it was not involved in the

banks, but also against the central bank,

the Swiss government, other commer-cial banks and Swiss industry.

Although welcoming the accord, the central bank stressed in a state-

It "holds the view that its sub-

sequent participation in the costs of

the settlement would lend this an of-

ficial character, which is not in the

interests of the country as a whole,"

settlement negotiations.

the statement added.

In recent weeks, Israel has floated a compromise under which it would withdraw from 13 percent of the West

that Israel had submitted the

plan to the Palestinians in writing, and that the Palestinian leader, Yasser Arafat, had become intensively involved in the negotiations. The daily said the compromise had been accepted by the

Palestinians, but a Palestinian oegotiator, Hassan Asfour, denied that report.

"The redeployments must be in accordance with the agreements and not creating

The central bank, which was the said in Jerusalem that a \$100 million

oegotiator said Friday.

Netanyahu of leaking reports that agreement was near to deflect U.S. pressure. In Helmon, the army said it

was barring Palestinians from entering and leaving the volatile city following the killing overnight of Rabbi Shlomo Raanan, 63, a grandson of Rabbi Avraham Yizhak Hacohen Kook, whose writings inspired the settler movement. Mr. Netanyahu cut short a

man that be would return to

Jerusalem in the afternoon for

killed two Israelis. The spokesman,

Bushinsky, said that Mr. Ara- a curfew in the 20 percent of fat had promised Yitzhak Hebron under Israeli control Molho, a Netanyahn adviser, confining the 20,000 Pales that he would order Palestin-

ian police to take all steps to homes. help catch the killer. Early Friday, about 20 Palestinians hurled rocks and bottles at Israeli soldiers in the streets of Hebron. Palestinian police helped break up holiday in northern Israel, announcing through a spokes-

About 400 Jews live in the center of Hebron, which is home to 100,000 Palestin-The Palestinians have ac- consultations over tensions in ians. The city was divided in-

Swiss Central Bank Boycotts Holocaust Settlement

CHF 3240.- week Outy The settlement involved the release the Nazis sold to neutral nations durally larger all claims not only against the two ing World War II, has said any ob- Assicurazioni Generali and Jewish Assicurazioni Generali and Jewish organizations was only a beginning and did not define the company's total debt to the survivors and heirs.

> task force negotiating with European companies for policies sold to Jews insurance companies on the settlewho later died in the Holocaust could ment of the claims. She said the debt of Generali and the other European insurance companies could oot be calculated until they all

agreed to make their records public. "The hundred million was a floor," she said. "It is my belief that these claims could easily be within the central relay point for the bulk of gold settlement reached Wednesday in hillion-dollar range or more."

Ms. Senn serves on a nine-member

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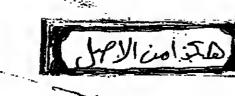
The Israeli Army imposed

tinians who live there to their

Roy Emerson

From June 21 to September 26

(AP, Reusers)



ligations arising from its dealings had

Claims against European insurance

exceed \$! billion, according to a lead-

ing American insurance regulator,

The Associated Press reported from

Deborah Senn, the insurance com-

missioner of the state of Washington,

been settled in a 1946 treaty.

■ Insurance Claims to Climb

Evidence on Saudi Exile Is Called 'Very Compelling'

By James Risen New York Times Service

WASHINGTON - The U.S. missile strikes in Afghanistan and Sudan came after U.S. intelligence and law enforcement agencies had compiled what officials described as the strongest evidence obtained to this time in a major

terrorist case. The American intelligence commnnity has been convinced for years that Osama bin Laden, a Saudi dissident living in exile, has been involved in a long series of attacks against U.S. interests.

But the officials said they had more comprehensive and conclusive evidence than ever linking Mr. hin Laden to the bombings at the American embassies in Kenya and Tanzania earlier this month. President Bill Clinton said that ev-

needed to order the attacks. But Mr. Clinton and his aides provided no real details of the evidence and, in some major aspects, the credibility of the administration's case against Mr. bin Laden was difficult to

idence provided the justification he

In his speech, Mr. Clinton accused Mr. bin Laden of an array of actual and plotted terrorist acts, from attacks on U.S. soldiers in Somalia to plots against the Pope and American airliners.

Perhaps the most detailed bit of evidence to back the accusations was not even spelled out by the president. In Albania, the anthorities, aided hy

U.S. intelligence agents, arrested five men who were described as Egyptian Islamic terrorists, and they seized material indicating that they intended to bomb the U.S. Embassy in Tirana, Al-

er the plot was to have been carried out before or after the attacks in Africa.

U.S. government officials, who spoke on condition of anonymity, said credible evidence showed that a number of leading members of what they called an international terrorist network

Afghanistan, likely to plan further attacks on the United States.

By attacking the meeting site, the United States hoped to badly damage the terrorist network. The officials said they would not be able to assess the damage at the terrorist camp until later.

The government's counter-terrorism center, based at the Central Intelligence Agency, "feels strongly that there is as much and as rich evidence from a wide variety of sources on this case as they have ever had," a U.S. official said.

'Our information was convincing, banians said.

U.S. officials said the plot was one of several attacks planned by Mr. bin Laden's network. It was not clear whether the plot was to have been considered attacks. and we had a high confidence level that and his organization were planning fur-ther attacks. If we didn't take action, we were going to get hit, there's no doubt in our mind."

U.S. officials declined to provide any details of the evidence linking Mr. bin Laden to the embassy bombings, but they have said they strongly sus-

Laden quickly began to emerge. In contrast with other recent major terrorist cases, which required months or years to solve, the evidence against Mr. bin Laden in the East Africa bombings came

together with remarkable speed. Officials would not comment on earlier reports from Pakistan that Mohammed Saddiq Odeh, a suspect arrested in Pakistan and sent back to Kenya for interrogation by the FBI and Kenyans, had told Pakistani investigators the bombings were the work of Mr.

bin Laden's group.
"We had early indications, and over time the information got better," a U.S.intelligence official said. "We had multiple sources, and the picture was extremely convincing. You have to be careful bow you weigh early information, but in this case it was very com-

"Rarely do numerous sources converge so uniformly and persuasively as they did in the course of our inves-

assess, both for the embassy bombings specifically and for terrorist activities in general.

Solution and the climater and the control of the embassy bombings assess, both for the embassy bombings specifically and for terrorist activities in added Samuel Berger, As their investigation gained months and the control of the embassy bombings assess, both for the embassy bombings assess. The control of the embassy bombings assess as a second of the control of the embassy bombings as a second of the control of the embassy bombings as a second of the control of the embassy bombings as a second of the control of the embassy bombings as a second of the control of the embassy bombings are control of the embassy bombings as a second of the control of the embassy bombings as a second of the control of the embassy bombings as a second of the control of the embassy bombings as a second of the control of the embassy bombings as a second of the control of the embassy bombings as a second of the control of the embassy bombings are control of the embassy bombings are control of the embassy bombings and the control of the embassy bombings are control of the embassy bombings are control of the embassy bombings are control of the embassy bombing as a second o

The Zhawar Kili guerrilla camp, near Khost, Afghanistan, where the terrorist conference was expected to be held, was hit by sea-launched cruise missiles. American officials said that Mr. bin Laden had held a similar conference in

Afghanistan in Jannary, apparently to plan attacks against the United States.

Mr. bin Laden's networks have issued new terrorist threats against the United States since the embassy bombings.
'We had information that something

in the camp was going to take place today," said a senior U.S. official. "It's possible the meeting was to plan further

Americans say the camps have been in existence since the 1980s and they showed satellite photos of a vast complex that they said included the camps. One American official said that since May, Mr. hin Laden has become in-

creasingly cantious about his personal security, moving frequently.

geria. In addition, President Jacques Chirac worries about the pattern of U.S.-

led military operations that show up Moscow's powerlessness and could eventually trigger a backlash in Russia. The question is particularly sensitive

because Washington has been trying to get French backing, most recently in a

Clinton-Chirac phone conversation last

Wednesday, for NATO military inter-

vention in Kosovo, if necessary, by-

passing the need for Russian endorse-

ment in the Security Council.

Effectiveness Of Retaliation Is Debated By Specialists

By Serge Schmemann
New York Times Service

NEW YORK - In the war against terrorism, experience suggests that any operation, whether an assassination or the sort of strike launched by the United States, has the quality of damned-if-youdo-and-damned-if-you-don't.

On the positive side, according to experts - especially in Israel, where the fight against terrorism has been waged longest and hardest - is the possibility that the strike on Thursday destroyed training sites and a chemical-weapons plant, and a few terrorists as well.

If American intelligence did, in fact, pinpoint sites used by the people behind the bombings of the American embassies in Kenya and Tanzania, the attack will also put terrorists on notice that they can never rest or let their

guard fall. On the down side is ANALYSIS the fact that such attacks have not shown much effectiveness as

deterrents. On the contrary, experts say, it

is most likely that the targets of the action and their supporters will lash back. Given the growing sophistication of militant groups in the use of media, it is likely that television cameras will be invited to record any civilian victims or wayward bombs, with the United States portrayed as a heartless bully, and President Bill Clinton as a scandal-wounded

leader in search of sensational diversion. But among Israelis, at least, after coping with terror for most of their history. the consensus is that Mr. Clinton did what he had to do.

"It all boils down to punishment, de-terrence and prevention," said Joseph Alpher, the bead of the Jerusalem office of the American Jewish Committee and an specialist on military affairs. "Even if it's revenge, it's meant to send a message that there will be a retaliation, and that is deterrence.

"If you look at the Israeli experience or the American experience, a deterrent message doesn't always work. Israeli operations have not necessarily deterred terrorism, and they often become part of a cycle of strikes and counterstrikes. But it does make it more difficult for terrorists 10 act.

"And if you don't retaliate," Mr. Alpher added, "you appear to be weak, not interested in deterring — an easy target. So the only answer is prevention. You kill terrorists, force them to duck, to keep their heads low, to worry about being discovered by American intelli-

If that was the goal, one question is whether an air strike was the most effective method. Roger Clark, a professor of international law at Rutgers University in New Jersey, said the primary goal in the battle against terrorism should be to catch terrorisis, "and I'm not persuaded that bombing is the way to go about it."
The U.S. and Israel are the prime

supporters of the notion of retaliation in the world," Mr. Clark said, "and they tend to make legal justifications that other people are uncomfortable with. I'm not convinced that punishment is useful as a deterrent. You have to try to catch some of the terrorists."

Edward Herman, professor emeritus at the Wharton School of the University of Pennsylvania, also found the strikes problematic. "I don't think these are very effective," he said. "It's very hard to bomh accurately. It is a violation of international law; there are United Nations rules. So when a country just chooses to drop bombs on two separate Afghan target sites, killing five or six countries, they may kill people who are persons. Later it retracted the statement. innocent bystanders, and it's likely to be counterproductive.'

Yossi Melman, an Israeli writer specializing in intelligence issues, said that Pakistani nationals who were then the American raids on Thursday might brought across the border to a Pakistani be viewed as a daring operation politically, but that questions were bound

to arise about the timing.
''If Americans hadn't acted, they'd say Clinton was paralyzed by the affair," he said. "If he does, they say be's using this to divert attention. But he has to show that America is still a superpower, and doesn't tolerate actions

against its installations and interests." The problem with combating terror, the specialists agreed, is that success or failure cannot be measured in traditional military or law-enforcement terms. Ultimately, they said, the targets of terror must strike back, if only to demonstrate killed that they have not been cowed or demoralized.

Past Counterstrikes

How the United States has retaliated against previous terrorist actions.

ATTACK April 5, 1986 Terrorists bornb a Berlin disco, killing U.S. servicemen.

COUNTERATTACK April 14, 1986 U.S. bombs Tripoli and Benghazi,

ATTACK April 1993 Iraq is accused of trying to assassinate President George Bush in Kuwait.

COUNTERATTACK June 26, 1993 U.S. bombs Baghdad.

ATTACK Aug. 7, 1998 U.S. embassies In Nairobi and Tanzania are bombed.

COUNTERATTACK Thursday U.S. bombs terrorist instal-lations in Afghanistan and an Industrial plant in Sudan.

Continued from Page 1

paper Noviye Izvestia and a highly re-

garded political analyst. "We can only

pin our hopes on some semi-miracle

that, in two years, Russia's savior may

fool's job, and that Mr. Yeltsin in par-

Still, the devaluation and debt restruc-

ticular bas risen from the dead before.

turing of this week almost certainly will

mean inflation, recession and less gov-

ernment revenue at a time when Rus-

sians are clamoring for stability, growth and billions of rubles in back wages and

None of that bodes well for market-

style reforms or their proponents. To the

contrary, political experts say the crisis

has strengthened the two left-of-center

politicians already regarded as the early

presidential front-runners: Alexander

Lebed, the former general who now gov-

erns the vast Siberian region of Krasno-

yarsk, and Yuri Luzhkov, the canny

Continued from Page 1

are deteriorating as this goes on.
"Clearly, Rwanda and Uganda are unhappy. I think it will be difficult to see

For Mr. Kabila's government, the

On Thursday, a leader of the rebellion

We want to negotiate with our real

weekend talks will allow it to reinforce

the point among the Congolese that out-

offered to negotiate a cease-fire with Mr.

Kabila's government, which immedi-

ately rejected any talks with the rebels.

enemies, that is to say, Rwanda and

Uganda," Dominique Sakombi Inongo, a senior adviser to Mr. Kabila, said Fri-

day in an interview in his office.
"What we have realized is that the

rebels are inst servants. Why would we

want to negotiate with servants? We'll

Early this month, ethnic Tutsi from

negotiate with their masters."

how this will all end."

siders started this civil war.

pensions.

Mr. Latsis and others are quick to

OUESTIONS: A New Dimension in Struggle Against Terrorism

Continued from Page 1

both gained largely fighting Soviet forces in Afghanistan in the 1980s. In addition to Western business experience gained through his family in Sandi Arabia and his own construction companies, he was trained by the CIA as

a leader in semicovert operations in Af-ghanistan. With the collapse of the communist threat, he turned his campaign against the U.S. presence in Saudi Ara-hia and elsewhere in the Islamic world. In 1992, he was involved in the ambush of U.S. forces in Somalia, Washington

ings in Saudi Arabia.

now connects him with terrorist bomb-

Is Washington responsible for the

stress that predicting Russia's future is a trying hard; his aides are discussing

Taleban's position in Afghanistan? During the Cold War, the United States backed and even incited anti-Soviet activity by conservative Arabs and Muslims, first to protect the oil-rich Gulf, then to create a quagmire for the Soviet army in Afghanistan. Forces set in motion by this cozy arrangement have spun out of control in some ways as Islamic fundamentalists challenge weak regimes in the Middle East - and sweep

RUSSIA: State Duma Derides Yeltsin and Votes for Him to Resign

Both men are strong-willed, even au-

thoritarian rulers. Although Mr. Lebed

can be unpredictable, both lean less to-

ward free markets than toward central-

Mr. Luzhkov has a smooth political

Neither would be a president even

remotely like the mercurial but stead-

fastly Western-oriented Mr. Yeltsin.

Nor would the other current major con-

tender, Gennadi Zyuganov, the Communist who ran second behind Mr.

Two other assumed candidates, Vikt-

or Chernomyrdin and Grigori Yavlin-

sky, are more reform-minded, but neither has a large following.

Mr. Chernomyrdin also suffers be-cause he was Mr. Yeltsin's prime min-

ister during the birth of the policies that

CONGO: Mandela Organizes Meeting in Pretoria to Discuss Crisis

Friday, in the first hours of an emer-

The Tutsi-led Rwandan government,

with its Ugandan ally, is believed to have

encouraged and helped the rebels to try to overthrow Mr. Kabila, the same man

both countries placked from obscurity

less than two years ago to lead a suc-cessful coup against Congo's longtime

At first, Mr. Kabila had many

Residents in Kinshasa and elsewhere

Mr. Sakombi said that the government

is succeeding in counterattacks on the

rebel forces in the region near the At-

lantic by using Angolan jets to bomb

Reports that Angola had also sent

Rwandan top aides in his government,

but got rid of them as his popularity

in the country openly express their hatred of the Tutsi and Rwandans.

dictator, Mohutu Sese Seko.

led to the economic catastrophe.

style. Mr. Lebed is rougher-edged but

political and economic sessions with of-

ized control of the economy.

ficials at Harvard University.

Yeltsin two years ago.

they consolidated their hold on power, Washington has not done anything to accommodate them. How serious is the outcry in Muslim

Mr. bin Laden's notoriety will certainly benefit among extremists, but the real agenda is very different for the main governments, Riyadh has often tried to placate Mr. hin Laden, sometimes refusing to cooperate with Washington. But Riyadh will now be forced to make tougher decisions about Mr. bin Landen, whose main objective is to overthrow the Saudi ruling family. . Why was President Boris Yeltsin of

Russia so hostile?

Already faced with economic collapse, he had to defuse criticism from anti-American nationalists in the Russian Duma, But Mr. Yeltsin's overriding priority is getting economic help when Mr. Clinton visits Moscow on Sept. I.

Russian strategists fear an extremist contagion from the Taleban in Muslimpopulated former republics of the Soviet Union bordering Afghanistan. Why was France so reserved?

France avoids anything that it fears them away, as the Taleban did. Since might attract Islamic terrorism from Al-

bers of the Duma put aside Mr. Yeltsin's

demands to overhaul the country's tax

\$15.1 billion as of Aug. 14, down from

Investors continued to stay away

from the Russian stock market on

Friday, with the benchmark RTS

index finishing 5.56 percent lower. It

is down nearly 80 percent for the year.]

weeks now, has struck a strange pose

Novgorod, he thundered that the ruble

would not be devalued and that he would

not cut short his rest to return to Moscow

because that would be viewed as ev-

idence of a "disaster." Within hours,

television in Kinshasa showed, for the

first time, troops from Zimbabwe ar-

soldiers from Zimbabwe had been com-

so far they numbered only in the hun-

government troops that are being sent west of Kinshasa to help deflect a pos-

sible takeover of the capital by rebels.

Rwanda and Uganda have strongly

denied any involvement in the rebellion,

but on Friday they issued statements that

demned Zimbabwe and said that it now

reserved the right to enter the Congolese

conflict "in whatever manner it deems

The Rwandan government con-

appeared to belie those claims.

The soldiers are expected to reinforce

Mr. Yeltsin, on vacation for five

Almost a week ago, in the old city of

him and his advisers.

ie reserves to fix th

\$17 billion on Aug. 7.

through all this.

eastern Congo began an nprising near troops into that area to help Mr. Kabila's the Rwandan border and in the region southwest of Kinshasa.

troops into that area to help Mr. Kabila's forces could not be confirmed.
On Thursday night, however, state

both events came to pass.

riving at the airport.

Why weren't the allies involved? The United States is the only country capable of launehing a strike at such distances, with no pilots at risk and no countries to ask for permission, much less help. The Tomahawk missiles have always been accurate once they get close to their targets, but even as recently as the Gulf War the range involved in Thursday's strikes would have been too great for comfort. The key improvement

was the deployment of satellite-borne electronics, known as the Global Po-

TIMING: gency session on the fiscal crisis, mem- 2 Crises for Clinton

Continued from Page 1

system and spent several bours flaying sibilities of his public life. Russia's central bank no longer has Chairman Denis Kiselyov said Friday, according to an Agence France-Presse dispatch. Central bank reserves stood at

Lewinsky controversy. At a minimum, bowever, the response to Mr. Clinton's action showed how his legal and personal problems have altered the prism through which his presidential

decisions are viewed. the issue expressly. Senator Dan Coats, Republican of Indiana, said: "After months of lies and deceit and manipulations and deceptions - stonewalling

Some of the comments echoed those made when Mr. Clinton contemplated military action against Iraq in Febru-

However, Clinton aides said the president's schedule in recent weeks highlighted a remarkable ability to separate his public duties from his personal

"He's got his priorities straight," said the White House press secretary, Michael McCurry. Even as the Clinton family is "working through some issues." he said, the president realizes that his first responsibility "is always as

A European diplomat said Friday that ing to Kinshasa for several days, but that

was very much working.

"One of the things that was indispensable to this operation was secrecy,' Mr. Berger told reporters. "I have to say

Even though Mr. Clinton had approved the concept of attacks last Friday, Mr. Berger said the president had the

ability to halt execution until about 6 A.M. Thursday.

sitioning System, which in its military version can guide the missile over hundreds of miles without any need to rely on the terrain for orientation.

The White House on Thursday asattack suspected terrorist installations was in no way linked to or affected by the

Several Republicans Thursday raised - it raised into doubt everything he does and everything he says.

commander in chief." That responsibility, the national se-

curity adviser, Samuel Berger, said Thursday, involved an element of subterfuge — behaving as if vacation was under way when, in fact, Mr. Clinton

I have some degree of collective pride on the part of my colleagues that we were actually able to, for once, do that."

Continued from Page 1 weapons, and we have physical evidence

of that fact."

Pakistan at first claimed that at least one stray missile had landed on its territory, just across the border from the

Undersecretary of State Thomas Pickering said that the missile had landed on Afghan territory and might have killed

The Pentagon did not dispute the casualty figures from Sudan or Afghan-istan. Mr. Berger said the United States had no knowledge of any "unintended" Because of cloud cover over the

before U.S. satellites could provide an accurate damage assessment. There were reports that Mr. bin Laden had survived the attacks. Mr. Berger said Mr. hin Laden's whereabouts were unknown and that it was unclear whether any of his top lieutenants had been

He said the purpose of the attacks was and that U.S. negotiations with Afghan and Sudanese anthorities should have "not specifically to target bin Laden"

but "to target his infrastructure, his network and one of the largest terrorist training camps in the world.

The Sudanese government protested strikes but that the attacks to the United Nations, calling multaneously. them an offense against its sovereignty. The matter was not raised Friday at the first UN Security Council meeting

after the U.S. strikes. Danilo Turk of Slovenia, which bolds the rotating presidency of the council, said, however, that the United States had circulated a letter at the meeting invoking Article 51 of the UN Charter. That article permits strikes intended to prevent an imminent threat. Mr. Berger called the attacks 'both appropriate and lawful.'

The attacks, which U.S. officials said involved assistance from no other country, were endorsed by some key U.S. allies, most strongly by Britain and Is-Afghan sites, he said, it would be days rael. Chancellor Helmut Kohl of Germany

said of the attacks, "I can understand that." And the Japanese prime minister, Keizo Obuchi, expressed his 'understanding."
But President Boris Yeltsin of Russia condemned the U.S. action, complaining

that he had been given no advance notice

"been held to the last." Mr. Berger said that no foreign leaders had been informed in advance of the strikes but that some were phoned si-

Asked about Mr. Clinton's meeting next month in Moscow with Mr. Yeltsin. he said, "The fact that there's a disagreement on this particular issue, I don't believe will affect the summit at

Mr. Clinton, Vice President Al Gore and Mrs. Albright phoned other foreign leaders Friday, Mr. Berger said. The president later returned to Martha's Vineyard to resume his va-

The 22-member Arab League issued a strong condemnation of the strikes from its headquarters in Cairo. Sudan currently holds the rotating presidency of In Washington, key members of Con-

gress were strongly supportive of the president. The Senate majority leader, Trent Lott, Republican of Mississippi, called the attacks "appropriate and just." The House speaker, Newt Gingrich of Georgia, said, "I think the presranking Democrat on the Foreign Re-

ident did exactly the right thing."

Senator Jesse Helms, Republican of North Carolina, chairman of the Foreign

Relations Committee, also praised the

Representative Lee Hamilton, Democrat of Indiana, and ranking minority member of the International Relations Committee, said on ABC: "There was a remarkable convergence of the intelligence information here. It was real and

is overwhelming."

A vocal few Republican legislators, including Senators Arlen Specter of Pennsylvania and Dan Coats of Indiana said they were troubled by the timing.

The president announced the strikes three days after his deeply controversial admission of a sexual relationship with Monica Lewinsky, a former White House intern.

Asked about a comment by Senator Coats, Michael McCurry, the presidential spokesman, said the Indiana senator stood out singularly as someone who suggested something that is not true."
Such suggestions drew anger from Mr. Clinton's Democratic supporters.
Senator Joseph Biden of Delaware,

lations Committee, called the criticisms Drebosterous." Mrs. Albright said that "our timing was based purely on what was necessary in responding to those horrible attacks

on Americans" and on evidence that a large number of terrorists had gathered at the Afghan site.

of military force in Mr. Clinton's presidency. A CNN poll taken immediately after the strikes were announced found that 66 percent of Americans favored the attacks, while 19 percent were opposed. But nearly half of Americans said the bombings would increase terrorism.

that terrorist retaliation was likely, insisted repeatedly that the strikes were intended to head off terrorist attacks already planned. "We have been the bull's eye," said Undersecretary Pick-ering. "We are the bull's eye."

In the United States, the FBI and other authorities warned police and the public to be on the alert. In Washington, federal workers were encouraged not to wear their security passes in public. Subway

Operations at U.S. diplomatic posts in five African countries, including Sudan, have been suspended since the embassy bombings. The United States has no diplomatic post in Afghanistan.

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Timed Attacks From Arabian And Red Seas

> By Steven Lee Myers New York Times Service

U.S. Warships

WASHINGTON - The United States attacked targets in Afghanistan and Sudan with roughly 75 cruise missiles fired from navy ships in the Arabian and Red seas timed to strike their targets simultaneously, senior administration and military officials said. The missiles struck at 1:30 P.M.

eastern daylight time, more than 4,000 kilometers (2,500 miles) apart, after dark had settled in Afghanistan and as twilight waned in

Sudan, the officials said. Most struck six separate targets within a sprawling camp near Khost, Afghanistan, which President Bill Clinton called "one of the most active terrorist bases in the world." A smaller barrage struck a factory in the Sudanese capital, Khartoum, that the Clinton administration maintained produced important components of chemical weapons,

particularly VX nerve gas.
As the attack began, Secretary of
Defense William Cohen ordered
every American military base in the world to heighten its state of alert. increasing security in the event of retaliation from supporters of Osama bin Laden, the Saudi exile whom the United States accuses of sponsoring terrorism, including the embassy

bombings in Africa this month.
As the missile attack was launched from a distance, there were no American casualties, the

officials said. The strike was the most significant military attack by the United States since September 1996, when the Pentagon carried out cruise-missile strikes in sonthern Iraq to punisb President Saddam Hussein after an attack by Iraqi troops against the

Kurdish enclave in northern Iraq. It was also the first hostilities for Mr. Cohen, who joined the Clinton administration as its only Republican cabinet member in January 1997, and for General Henry Shelton, chairman of the Joint Chiefs of Staff. since he took over as the nation's senior military adviser last October. . They were part of what the president's national security adviser, Samuel Berger, called "a small

group" of aides who drafted the considerable tumult in Mr. Clinton's presidency.

American military action appears, for now, to be limited to the strikes Thursday, but the president's senior

advisers left open the possibility of additional action, especially if Mr. bin Laden's supporters retaliate. This doesn't foreclose anything," Mr. Cohen said. "What we

have prepared and have to be prepared for is a long continuing effort to deal with terrorism." The United States has a formi-

dable array of forces in the region, the bulk of it devoted to keeping Iraq in check. A military official said the Pentagon did not have to increase its forces in the region to mount the strike.

Although Mr. Clinton had ordered a reduction from the peak levels reached during last winter's showdown with Mr. Saddam over weapons inspections, the United States still had more than 23,000 soldiers, 170 aircraft and 24 warships patrolling the Gulf, led by the aircraft carrier Abraham Lincoln Seven of those ships are fitted with Tomahawk cruise missiles, like those used in the attacks Thursday. The missiles, 18 feet (5.5 meters)

long and costing nearly \$1 million each, can carry 1,000 pounds of explosives, fly 700 to 1,000 miles and, with satellite guidance, strike their targets with remarkable precision. Officials at the Pentagon were extremely reluctant to discuss where the cruise missiles were

launched and from what ships. However, the officials, speaking on condition of anonymity, said that two ships steamed to the Red Sea near Sudan while others launched the attack from the Arabian Sea off Pakistan.

RIPOSTE: Tightening Security, U.S. Warns That Attacks Are Start of a 'Long-Term Battle' Against Terrorists

Public support was strong, one survey showed, for what was the boldest show

U.S. officials, while acknowledging

passengers were warned to watch for sus-picious looking packages. Patrols were increased around national monuments.

Allies Back U.S., Yeltsin Is 'Outraged,' and Muslims Are Furious

Russian Chief, Saying He Got No Warning, Denounces Action

By Sharon LaFraniere shington Post Service

MOSCOW - President Boris Yeltsin said Friday that he was "outraged" by the U.S. missile strikes on targets in Mafghanistan and Sndan, adding that he had no advance warning of the attacks.

"My attitude is indeed negative, as it would be to any act of terrorism; military like America can't simply accept such a strible scale of terrorist attacks," he

interference, failure to solve a problem through talks," said Mr. Yeltsin, speaking at an airport near the Arcoc city of Murmansk, where he was en route to view naval exercises. "I am outraged, and I denounce this."

Asked whether he knew about the strikes in advance, Mr. Yeltsin said, "I can tell you honestly I did not know. It looks like the whole world did not know about it. That makes it even more in-

According to Mr. Yeltsin's press service, Mr. Yeltsin received President Bill Clinton's explanation for the strikes on

Mr. Yeltsin's press secretary later tried to soften Mr. Yeltsin's reaction, saying that Washington and Moscow are in the same boat as far as the struggle against terrorism is concerned' and that Russia understands how much suffering the embassy bombings had-caused and wants to work with the United States against terrorism. But he added, "President Yeltsin was angered by the fact he had not been informed of

The Foreign Ministry issued its own statement, saying that the unilateral U.S. military actions "no matter bow they are explained, cannot but raise deep concern. Such actions do not bring us any closer to the aim of rooting out terrorism and

could create a dangerous precedent."

The last Soviet leader, Mikhail Gorbachev, also said he did not consider the attacks "legitimate or balanced" and warned that they could set "a bad precedent that other countries might fol-

Kohl and Schroeder Back U.S.

William Drozdiak of The Washington Post reported from Berlin:

In a ringing declaration of support, Chancellor Helmut Kohl of Germany praised Mr. Clinton's decision to strike right to retaliate for bomb attacks against charge its embassies in East Africa.

There is no scourge today worse than international terrorism," Mr. Kohl said in Bonn, "Every nation has the right to defend itself against such atrocities as happened at the American embassies in

Mr. Kohi said that he had not talked with Mr. Clinton since last week but that he was kept fully informed through proper channels. Germany evacuated its citizens from Pakistan, Sudan and Afghanistan in the days before the attack.

The chancellor heaped scorn on critics of the U.S. cruse museum saying, "Those who are complaining saying, book at the photographs of the civilians who were slanghtered in a fashion that should fill thousands of protesters on the streets.

Untied States, sided with the Pakistani everyone with disgust."

Non-American diplomats said the version. One said that American officials everyone with disgust." -

Gerhard Schroeder, Mr. Kohl's Somore than 15 hours after the raids were cial Democratic rival in the national announced Thursday. election next month, also expressed support for the air strikes and said he assumed that Mr. Clinton's decision was like America can't simply accept such a terrible scale of terrorist attacks," he

French Are Tepid, but Blair Isu't

France on Friday voiced support for U.S. strikes in Afghanistan and Sudan, but its backing came later and sounded cooler than that of other major U.S.

allies, Reuters reported from Paris. The first official reaction was issued Pakistan Sees

Missile Attack By Raymond Bonner

Dangerous

Precedent' in

ISLAMABAD — The Pakistan government on Friday condemned the U.S. attack on alleged terrorist bases in neigh-boring Afghanistan, calling it a violation of the norms of international behavior and saying that it sets a "dangerous

It also summoned a senior American diplomat to the Foreign Ministry to receive an official protest over the "presumption" that the missiles launched into Afghanistan, where the target was alleged terrorist training camps, flew through Pakistan air space without per-mission. Whether the Pakistan govern-

ment gave that permission is in dispute. The government also lodged a protest that one of the cruise missiles had gone astray, landing in Pakistan and killing targets in Afghanistan and Sudan and six people. Late Friday evening, howinsisted that the United States had every ever, the government withdrew the

The American missile attack on Thursday night was aimed a training complex run by Osama bin Laden, who U.S. officials have charged was the mastermind behind the bombings of the American embassies in Kenya and Tanzania on Ang. 7. Simultaneously Thursday, the United States launched a missile barrage on a chemical weapons factory in Sudan, which officials also linked to Mr. bin Laden.

The Pakistani government was engaged in a delicate balancing act Friday, between not being too harsh on the United States, an important ally, but not denied Friday that it had given perseeming too soft, lest it fuel the anger of mission or been asked for it.

France takes note of the decision by U.S. anthorities who carried out yes terday's bombings and invoked the right to legitimate self-defense recognized by international law," a Foreign Ministry statement said.

Prime Minister Lionel Jospin, meeting with Prime Minister Tony Blair of Britain, told reporters in his southern France constimency that he understood that a wounded

United States had wanted to retaliate.
At his side, Mr. Blair was more forthcoming, saying, "A country like the United States, when its citizens are under attack in this way and when they are at risk, must have the right to defend itself and we support our allies in this

Islamic Clerics, Officials and Ordinary Citizens Condemn Attacks By Douglas Jehl New York Times Service

JERUSALEM - In mosques, on street corners and from some govern-ment ministries, many Muslims voiced fury Friday over the American missile strikes in Afghanistan and Sudan and predicted that the assault would beget more violence.

The condemnations came from around the Islamic world and were issued by clerics, officials and ordinary

American flags were burned in Libya. Pakistan and on the West Bank, and on this Islamic holy day, calls to prayer even in the heart of Jerusalem were followed by angry inveighing against But along with Iraq and Libya, Pal-what was being called "aggression on estiman politicians on the West Bank

our Muslim brothers.'

We ask God in foil the Americans' evil plans," Youssef Abu Sneinah, an imam of the historic Al-Aqsa Mosque, declared in a Friday address to some 30,000 worshippers at midday services inside the walled Old City.

For their part, most Arab and Muslim governments remained silent or equivocal about their views on the missile strikes. Jordan said it had reserved judgment about the operation; Egypt, the United States' most important ally in the region, issued a statement that made no mention of the American attack but called instead on the United Nations Security Council 'to take the appro-priate decision against terrorism."

joined in denouncing the attacks as examples of American arrogance. And any Arab or Muslim leader who might have sympathized with the American action was bound to have had second thoughts Friday after hearing outrage from the

"Those stupid Americans; they should find a peaceful way to solve the problem of terror," said Ahmed Makram, an Egypt Air steward in Cairo, voicing the kind of complaint that could be beard around the Islamic world. What they are doing now is just pouring oil on the fire, and of course, more wars and terror attacks are ahead as long as they do not change their policy.

The most violent response to the American raids was reported in Sudan, where a suspected chemical weapons factory on the ontskirts of the capital, Khartourn, was the target of one set of Thursday's missile strikes. An angry mob in Khartoum retaliated Friday by stoning the deserted U.S. Embassy.

But their loud protests also echoed outside a United States Information Service center in Islamabad, the Pakistani capital. In the Libyan capital of Tripoli an American flag was burned at a rally whose participants included the country's leader, Colonel Moammar Gadhafi, who was himself the target of an American air attack in 1986.

In Iran, cries of "Death to America rose up from morning prayers at Tehran University, where a senior Iranian cleric. Ayatollah Ahmad Jannati, accused Washington of 'waging a war against

And in Palestinian-ruled areas of Gaza and the West Bank, demonstrations organized to commemorate an attack nearly three decades ago on the Al-Aqsa Mosque suddenly assumed a more urgent focus.

In Gaza, Sheikh Ahmed Yassin, the spiritual leader of the militant Islamic group Hamas, told a rally that "the one wbo sows, reaps, and America will reap the harvest of its aggression." And in the West Bank town of Nahlus, more angry protests were kindled by a particularly fiery Friday prayer sermon in a local mosque. At least 500 people who gathered outside cheered two masked youths who burned American flags, eered President Bill Clinton and even chanted praise for Osama bin Laden, whose alleged terrorist network was the target of the American missile strikes.

"Clinton, be patient, or bin Laden will dig your grave!" they said. Isewhere in the Middle East, the leaders of other militant Islamic groups issued warnings that were similarly dark.

In Lebanon, a spokesman for the Ira-nian-backed Hezbollah predicted that the strikes would incite more attacks on American interests around the world. And that sentiment was echoed from Egypt, where Mustafa Mashour, the leader of the ontlawed but influential Muslim Brotherhood, said the effect of the American operation would be to "cause more harred against America and ignite the flame and instability in the region."

The statements were particularly stark many Arah governments, including most of those that took part in an emergency anti-terrorism summit meeting that Mr. Clinton convened after a rash of suicide bombings in Israel in early 1996.

At that meeting, the leaders of Egypt, Jordan and the Palestinians, along with senior officials from Saudi Arabia and other parts of the Arab world, joined Mr. Clinton and Prime Minister Benjamin Netanyahu of Israel in a joint declaration in which all vowed to work together in battling terrorism around the world.

Those Arab governments have since been outspoken in condemning acts of terrorism around the world, whoever the target. Many have long employed ruthless tactics in their own struggles against ter-rorism. But most have also kept a careful ear to public opinion, and they have re-mained wary about endorsing harsh ac-tion by the United States or Israel.



Angry Pakistani students protesting in Islamabad on Friday over the missile strike in neighboring Afghanistan.

domestic consumption.

On the streets of the capital, and in other cities around the country, condemnation of the American attack was widespread, if not universal, cutting across class and political lines. There were small demonstrations here and in the country's other major cities, hut no reported casualties. Many of the demonstrations began after Friday prayers and there was the obligatory burning of the American flag for the cameras.

One volatile issue here is whether the

Pakistan government gave permission for the missiles to fly over Pakistan on their way to Afghanistan. It has been reported that such permission had been

The Foreign Ministry categorically

which are capable of putting tens of from countries closely allied with the thousands of protesters on the streets.

Untied States, sided with the Pakistani raged."

Pakistan, who justifiably feel out convinced he is a terrorist.

"Is he really involved? I think no "Is he really involved? I think no "Is pite of the condemnation, the said Tanweer Hussain, 52, a doctor."

Pakistani protests over the attack were had told foreign diplomats in a briefing not as strong as they might have been that the United States had not sought and appeared to be aimed primarily for permission to fly over Pakistan, and that permission to fly over Pakistan, and that Pakistan had not been notified of the attack until the missiles were in the air.

These diplomats also said that the Pakistani protests against the American attack were not as strong as they appeared or might have been. For example, one noted, Pakistan could register a complaint with the UN Security Council over the alleged violation of the air space. Pakistan has given no indication that it intends to do so.

"If I were the Americans, I wouldn't be feeling too sore," he said, "I'd be thinking they could have hammered as a lot harder than this.'

In a statement released to the public, Pakistan's foreign minister, Sartaj Aziz, said, "Irrespective of the motives of

Tariq Altaf, told a press conference that Pakistan would continue to cooperate with the United States in the investigation of the bomhings of the American embassies in Kenya and Tanzania. The only known perpetrator to have been arrested so far was caught in

spokesman for the Foreign Ministry.

Pakistan as he tried to enter the country with a false passport. During interrogation, the man, Mo-

hammed Saddig Odeh, confessed to a role in the bombing in Kenya and said that Mr. bin Laden was the mastermind, according to Pakistani officials.

The Pakistanis turned him over to the

Kenyans, who promptly made him available to the FBI, something that Pakistan could never have done directly.

To many in Pakistan, Mr. bin Laden is a hero. It is oot because people here are these strikes, the act of violation of the anti-American or approve of his terrorist sovereignty and territorial integrity of acts. It is rather that they know him as a these Islamic countries cannot but be a hero of the Afghan resistance against the

"Is he really involved? I think not,"

Americans Abroad Cautioned in Wake Of Missile Strikes

New York Times Service Following are excerpts from a State Department advisory issued Thursday on Americans traveling

or living abroad: In light of the recent U.S. military strikes against terrorist targets in Afghanistan and Studan, and possible threats to Americans and U.S. interests overseas, the Department of State urges U.S. citizens traveling or residing abroad to review their security practices, to remain alert to the changing situation, and to exercise much greater caution

Large crowds and other situations in which anti-American sentiments may be expressed should be avoided. U.S. diplomatic posts worldwide are taking appropriate

security precautions. American citizens traveling abroad should contact the nearest U.S. embassy or consulate by telephone or fax for up-to-date information on security conditions.

By James C. McKinley Jr.

New York Times Service

NAIROBI — After ordering missile attacks against targets in Afghanistan and Sudan on Thursday, President Bill Clinton said the United States had firm

evidence that earlier terrorist bombings

of two U.S. embassies in East Africa

were the work of an exiled Saudi mil-

lionaire and Islamic militant, Osama bin

But the head of the Federal Bureau of Investigation said Friday that his agents

still had a long way to go before putting

together a conspiracy case that would hold up in an American court.

stage," the director, Louis Freeh, said at

a news conference just before boarding a

tions about evidence agents had col-lected in the investigation that would

ments the main suspect in custody, Mo-

Nor would he talk about the state-

plane in Washington.
Mr. Freeh declined to answer ques-

link the plotters to Mr. bin Laden.

"We are still in a fairly preliminary

Foreigners Flee Kabul or Hide As Crowds Chant Against U.S.

Afghans converged on the deserted American Embassy on Friday, protesting the U.S. missile attack against what Washington described as terrorist train-

ing facilities. Foreigners fled the capital or went into hiding after two United Nations staff workers were shot and wounded.

Taleban militia leaders urged their supporters to march on the embassy compound after Friday prayers at mosques across the city and vowed to defend their country against attacks.
At least 5,000 were estimated to have gathered, chanting, "Death to Americal" "Death to Iran!" "Long live Af-

ghanistan!" and "Long Live Islam!" Frightened foreigners avoided the streets of Kabul after the missile attacks during the night.

At least 26 people were killed by the cruise missiles, according to Afghan SOURCES.

The handful of remaining foreigners stayed behind closed doors, fearful of how the Taleban militia would react after the missile barrage was unleashed on targets south of the city.

Sheila Horan, the special agent in charge of the investigation, said Mr. Odeh

still had not admitted to U.S. authorities

that he took part in the Aug. 7 bombings, which killed more than 250 people here and in Dar es Salaam, Tanzania.

Nor has be implicated others, she

Mr. Freeh said forensic evidence had

been found suggesting the two vehicle bombs, which detonated within minutes

of each other, might have been con-structed of the same materials.

an unconfirmed report in a local newspaper that said three witnesses had

picked a second suspect out of a police

line-up, fingering him as the man who threw a grenade at security guards manning a barrier behind the U.S. Embassy, just seconds before the bomb exploded.

The suspect was identified by The

Nation newspaper as Khalid Mo-

hammed. No other details were given.

FBI officials refused to comment on

U.S. Seeks Proof on Saudi's Role

embassy bombings.

Agence France-Presse A Taleban official addressing the KABUL -- Thousands of chanting crowd at the embassy likewed the U.S. missile attack to the invasion of Afghanistan by the Soviet Union in 1979, which led to a long war.

> declared to the crowd. Some demonstrators attempted to scale the walls of the embassy, which has been empty for several years, hut armed Taleban units pushed them back. The crowd continued to swell through the afternoon as prayers ended at

"We will defend Afghanistan!" he

mosques. Sermons by Islamic leaders con-demned the missile attack on training camps said to be run by an exiled Saudi millionaire, Osama bin Laden, who is a prime suspect in the Ang. 7 bombings of S. embassies in Kenya and Tanzania.

In the eastern Afghan city of Jalalabad, thousands of demonstrators protesting the missile strikes ransacked a UN office, the Afghan Islamic Press agency said.
The Peshawar-based agency said

Taleban security forces tried but failed to stop the mob. But they were able to evacuate the UN employees safely, according to the Jalalabad governor, Saddar Azam

Earlier, a UN transport plane that came in from Islamabad, Pakistan, left Kabul after picking up 10 foreigners hammed Siddiq Odeh, has made to FBI agents and the Kenyan police about the one of them reported to be a French national, one of the two UN men

wounded early in the day.

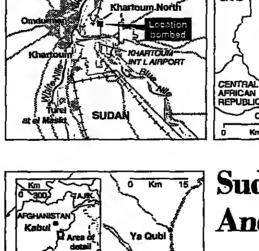
The French citizen said he had been hit as he traveled with other officials through the city in a minibus that came under gunfire.

An Italian who was wounded in the

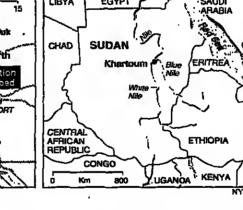
shooting was believed to be in a Kabul Both were working for the United Nations Special Mission for Afghan-

Only about 40 foreigners were still in the city after the Taleban forced out employees with nongovernmental organizations last month. Most of the city, captured by the Tale-ban in September 1996, was asleep when President Bill Clinton announced the

attack on targets in Afghanistan and a suspected chemical weapons-related facilify in Sudan. The strikes were aimed at groups linked to Mr. bin Laden, who, Mr. Clinton charged Thursday, had played a key



Khosi



The Associated Press KHARTOUM, Sudan — Sudan re-

left 257 dead and thousands injured. But the reclusive head of the Taleban, Mullah Mohammed Omar, again denied that Mr. bin Laden had been involved in the bombings and he vowed not to hand

PAKISTAN Zhawar Kili Al-Badr

PAKISTAN

AFGHANISTAN

Support camp m

him over to U.S. authorities. In the Taleban power base of Kanda-bar, about 8,000 inrbaned and bearded demonstrators chanting "Death to America!" paraded through the streets. The marchers dispersed after a meet-ing marked by fiery exclamations of harred against the United States and Iran.

At times they shouted against Russia. The rally warned the United States against continuing its "aggression" ainst Afghanistan and vowed to defend the Saudi dissident who took asylum in Afghanistan.

All markets and shops were closed in In a statement released to a group of

Pakistani journalists, Mullah Omar said the United States had committed an outrage against the entire Muslim world with "unfounded" allegations against

Sudan Recalls Its Diplomats And Vows America Will Pay

called its diplomats from Washington on Friday to protest the U.S. missile strike on a factory in the Sudanese capital a day

After an emergency meeting with his cahinet, the president of Sndan, Lieutenant General Omar Hassan Ahmad Bashir, also announced that his country would file complaints with the United Nations, the Arah League and the Organization of African Unity.

He said Sudan could "prove that the factory is specifically for pharmaceutical production" and not a chemical weapons facility, as U.S. officials have asserted. General Bashir later spoke at a rally outside his office as people chanted "Down, Down USA!" and burned an

American flag.

The number of casualties in the missile strike was unclear. Hospital officials in Khartoum said 10 people were being treated for injuries, including four who were in critical condition. But workers at the factory site said there was concern that some victims could be buried in the rubble. They said that the factory janitor and his family had not been accounted for.

Sidahmed Hajj Hamad, the administrative director at the factory, estimated the damage at \$100 million.
General Bashir said the factory, belonging to El-Shifa Pharmaceutical Industries Co., had been hit by six Toma-

missed, he said. He did not indicate whether it had caused any damage. State-run television said that the factory, which was opened in 1996, produced about half of the country's medi-

cines and that its main products were anobiotics and drugs to treat malaria and

tuberculosis. The government asserted that President Bill Clinton had approved the attack to divert public attention from the grand jury investigation into his dealines with Monica Lewinsky.

A statement issued by the Sudanese Embassy in Nairobi said that "the timing was chosen to serve the wish of a sexual pervert and maniac to divert attention away from his crumbling credibility and reputation."

General Bashir said, "Clinton and America will bave to pay," adding that 'Sudan is for Islam, and we will not be bullied by Americans.'

He pledged to "pursue all diplomatic channels" over the missile attack but also said the government was "opening all training camps" for volunteers for the national militia.

Overnight, Sudanese demonstrators stormed the empty U.S. Embassy compound in Khartoum and pulled down the

American flag to protest the attack.

The U.S. State Department ordered local staff to leave the embassy after the bomhings on Aug. 7 of American em-bassies in Nairohi and Dar es Salaam, Tanzania. American diplomats were pulled out of Khartoum in 1996.

danese walked through streets made muddy with rain to view the steel-andhawk cruise missiles. A seventh missile concrete rubble of the four-story factory. "Are these people crazy?" woman who worked at the factory asked, referring to the planners of the attack.
"Do you think this is really a weapons

Earlier in the day, bundreds of Sn-

EDITORIALS/OPINION

The U.S. Attacks

Credible Evidence

The United States has every right to attack suspected terrorists if there is credible evidence showing that they were involved in attacks against U.S. citizens or were planning such attacks. That seems to be the case in the missile attacks ordered by President Bill Clin-ion in Sudan and Afghanistan, an impression strengthened hy quick sup-port from the House speaker, Newt Gingrich, Senator Orrin Hatch and other leading Republicans. But since those attacks were ordered from a White House weakened by scandal, Mr. Clinton needs to take extra care to reassure the United States that the attacks were not timed to help repair his shaken presidency.

Intelligence officials reported Thursday that they had collected convincing information from numerous sources that the terrorist organization of Osama bin Laden was responsible for the deadly truck bomhings of the U.S. embassies in Kenya and Tanzania earlier this month. Mr. bin Laden is a Saudi multimillionaire reportedly turned terrorist who has openly threatened to attack Americans anywhere in the world.

The Pentagon's selection of targets looks reasonable. One of the sites was described by General Heury Shelton, chairman of the Join Chiefs of Staff, as a terrorist training camp in Afghanistan operated by Mr. bin Laden. He said the other target was a factory in Khartoum, the Sudanese capital, that was used to

make chemicals for nerve gas.
Intelligence officials said Mr. bin
Laden had subsidized Sudan's chem-

ical weapons program.

Though the U.S. raids came only three days after Mr. Clinton addressed the nation and testified to a grand jury about the Monica Lewinsky case, Pen-tagon officials said the timing had been

Right to Fight Back

The United States was correct to send its military forces into action against terrorist bases in Afgbanistan and Sudan Thursday. The bombings two weeks ago of U.S. embassies in Kenya and Tanzania that killed more than 250 people and wounded thou-sands were an act of war. This is not the kind of war many Americans grew up with, but it is war nonetheless. The United States has not only a right but, as Defense Secretary William Cohen said, an obligation to fight back.

In fashioning a response to terrorism, which by definition is conducted from the shadows, the United States always will face the question of what threshold of evidence must be crossed before a counterattack is justified.

Americans above all must take care not to lash out without cause. Yet it will not always be possible to build a fool-proof and public case. When the ev-idence is compelling and the imminent threat to Americans real, as Mr. Cohen said it was in this case, terrorists must know they have no sanctuary.

Congress will have a role to play in checking and weighing the adminis-tration's case, in secret if necessary. But already the House speaker, Newt Gingrich, has said that, having been well briefed during the past two weeks, he believed the attack was "the right thing to do at the right time."

Certainly, Osama bin Laden, the Saudi millionaire turned terror-master whose network was the object of Thursday's attack, has made no secret of his goals and methods. He has openly declared war on Americans and on Jews. "We do not distinguish between those dressed in military uniforms and civilians," he has said. "You will leave when the bodies of American soldiers and civilians are sent in the wooden boxes and coffins. That is when you will leave."

Mr. bin Laden is believed to com-

mand a network of 3,000 fighters, who he claims attacked American soldiers attempting to relieve famine in Somalia in 1993. His followers have claimed credit for the 1995 Riyadh bombing that killed seven, and he is suspected in the 1993 World Trade Center bombing in New York and the 1996 Khobar Towers bombing that killed 19 U.S. servicemen in Saudi Arabia.

A few Republicans on Thursday questioned whether President Bill Clinton had ordered the attack to distract from his personal and legal troubles. But there is no possibility that Mr. Cohen or

dictated by the threat that the bin Laden network might strike Americans again within days. If so, that would also justify the quick U.S. action.

Retaliating against terrorists may invite further terrorism, but effective military strikes can at least temporarily hinder training and planning by ter-rorist groups. Certainly U.S. inaction in the face of hard evidence of terrorist activities would be irresponsible.

But combating terrorism should not be an excuse for cloaking U.S. military actions in secrecy, as Pentagon of-ficials tried to do Thursday. To sustain public support for anti-terrorist ac-tions, the administration needs to tell Americans as much as possible about how the raids were conducted and whether there were civilian casualties.

President Clinton and his national security team seemed at pains Thursday to demonstrate that he had not unleashed U.S. power to deflect autention from the Lewinsky case. Mr. Clinton pointedly noted that he had ordered the attacks on the unanimous recommendation of his aides. Samuel Berger, the national security adviser. reported that military planning had begun on Aug. 12 and that Mr. Clinton had authorized preparations for the attack last Friday.

Those accounts were reassuring. Still, the picture of Mr. Clinton striding purposefully back into the White House Thursday as commander in chief could not help but supplant the image of an emononally wounded first family departing for a vacation on

Tuesday.
Mr. Clinton can dispel any lingering doubts about his motivation by pro-viding the House and Senate intelligence committees with a complete briefing on the bin Laden information and instructing his aides to fill out the partial accounts they have given about the raids.

-THE NEW YORK TIMES.

General Henry Sbelton, chairman of the Joint Chiefs of Staff, would order U.S. forces into action if they were not considered of the respective As Secretor Lesse. vinced of the necessity. As Senator Jesse Helms, Republican chairman of the Helms, Republican chairman of the Senate Armed Services Committee, said Thursday, "Sooner or later terrorists will realize that America's differences end at the water's edge, and that the United States' political leadership always has, and always will, stand united in the control of the con in the face of international terrorism."

So Mr. Clinton has taken the right step. But it is important to understand that this is only one step. Whatever the immediate effects of this one-time strike, there is a danger that the terrorists will retaliate. Experience has shown that the risks of such retaliation are more bearable than the risks involved in doing nothing to defend America's interests. But the risks are real, and they mean that the United States cannot expect one hattle to end this war.

"This is an organization dedicated to killing Americans," Mr. Gingrich said. "We bave an obligation to hit them, and if necessary to keep hitting them, until they lose all of their ability to burt Americans.

- THE WASHINGTON POST.

Other Comment

Clinton's Gamble

Straight after his testimony to the

grand jury in the matter of Monica Lewinsky, Bill Clinton tonk a gamble. It may turn out to be the biggest gamble of his career.

He gamhled that being found to have told lies about a sexual fling does not merit a real apology. He assumed that Americans believe his private behavior is his own business and nobody else's. And he presumed that the independent counsel, Kenneth Starr, has nothing more substantial to pin on him. Thank you for watching, and good night. Mr. Clinton spent his fiercesi mo-

ments defending his right to a private life and lambasting Mr. Starr for his "prying" and "personal destruc-

This was no Richard Nixon, bunched and gray, trying to hold back the almost palpable hatred of the public; it was a vigorous and defiant performance. But what Mr. Clinton said was not good enough, and it will oot be the end of the tale.

-The Economist (London).

Herald Cribune

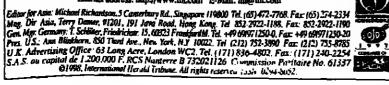
KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairmen of the Board

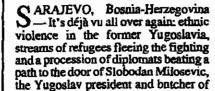
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More than seven years after the beginning of the wars of Yugoslav dissolution, it seems that the international approach to the conflict has not changed one iota. No statesman is prepared to accept the political risk involved in tackling the root of the problem.

Instead, international envoys shottle between their capitals and Belgrade, hoping that despite his record, despite

the benefits he personally reaps from the fighting, indeed despite all logic, Mr. Milosevic will provide a solution.

Maybe 1998's crop of mediators missed the events of the past decade in the Balkans. If so, a brief recap of some of the highlights, including how Mr. Milosevic acquired his nickname, may be of some help.

Mr. Milosevic came to absolute

ower in Serbia in 1987. At the time, living standards there, as in the rest of Yugoslavia, were spiraling downward, prospects of recovery within the ex-isting system were bleak and Mr. Milosevic promised a Serb renaissance. Moreover, in 1988 and 1989 he appeared to deliver as he forcibly extended Serbia's authority over Vojvodina, Montenegro and Kosovo.

By Christopher Bennett

Soon, however, Mr. Milosevic's promises began to ring hollow as the economy continued its downward course. In fact, he had succeeded only in

imposing Serbian ethnic rule on some of the country's non-Serb populations. It was not exactly a recipe for long-term stability, just the Milosevic approach to problem-solving — resolving one crisis by manufacturing another, inevitably greater, to divert attention from the first.

On March 9, 1991, frustration within Serbia boiled over and Belgrade rose against Mr. Milosevic. Indeed, the first person to be killed by the Yugoslav Army in the year that full-scale hos-tilities broke out in the former Yngoslavia was not a Slovene, nor a Croat, not a Bosnian Muslim but a Serb student caught among the anti-Milo-

sevic protesters that day.
Within the month one Serb and one Croat had been killed in ethnic violence in Croatia, the inexorable descent into war had begun — and Mr. Milosevic was off the hook at home.

Wars in Slovenia, Croatia and then Bosnia successfully diverted attention from the shortcomings of Mr. Milosevic's rule in Serbia, hut these were wars that Serbia and Serbs in general could only lose. Indeed, when the tide of battle turned and it became clear that further fighting could only harm his

to advocate peace.

But this was not before massive atrocities had been committed and more than 2 million people had been displaced. In December 1992, Mr. Milosevic was named a war criminal by U.S. Secretary of State Lawrence

For Mr. Milosevic, power and his own political survival are alpha and omega. Moreover, his survival has depended and continues to depend on conflict. A prolonged period of peace is too revealing a state of affairs, for it gives ordinary people the time to take stock and to work out the scale of their

Not so long ago, in the winter of 1996-1997, Belgrade challenged Mr. Milosevic's rule with daily demonstrations. Tens of thousands of people took to the streets. That's over. Now Serbs again stand

nnited, this time in the struggle against.
"Albanian terrorism," with Mr. Milosevic at the head of yet another national crusade. It is just not in his interest to halt the war, not now, not while he is winning.

The tragedy is that many thousands more Albanians and Serbs will be forced

to flee the fighting. Though both peoples have legitimate interests in Kosovo, prospects of a settlement that would reconcile those interests recede with each day and every additional casualty.

The tragedy does not end there. The

It's Time to Recognize That Milosevic Is the Problem position, Mr. Milosevic changed tack war in Kosovo cannot be isolated, and Mr. Milosevic still has other crises to manufacture in the region.

As fighting escalates in Kosovo, neighboring Macedonia moves inexorably closer to the brink. The fragile consensus between that country's Albanians, who make up at least 23 percent of the population, and the Macedonian majority is now unraveling as Albanians empathize with their ethnic kin and Macedonians support the Serbian position.

Moreover, the stability of Albania, too, is under threat, with the north of the country increasingly beyond Tirana's control and former President Sali Berisha attempting to resurrect his career on the back of the Kosovo conflict.

Meanwhile, in Yngoslavia itself, Mr. Milosevic still has a Pandora's box of unresolved national questions to open whenever his needs so dictate questions on the predominantly Mnslim Sandzak region, on Monte-negro and on Vojvodina. Unless the international community

finally wakes up and recognizes that Mr. Milosevic himself is the problem and not the solution, it will be cleaning up after him for years.

The writer is the director of the International Crisis Group's Balkans project and the author of "Yugoslavia's Bloody Collapse." He contributed this comment to the International Herald

America Needs to End Its Outdated Embargo of Cuba

By Flora Lewis

HOLETOWN, Barbados — Cuba's President Fidel Castro was here recently as part of his courtship swing through the Caribbean. Apart from a few grumhling letters to the editor in the local paper, he was warmly welcomed. Prime Minister Owen Arthur even compared Cuba's regional role to China's global role, much too important a market to try to isolate and therefore well worth

cultivating.
A decade ago this reaction was scarcely imaginable. Barbados was one of the Caribbean countries that applauded the U.S. invasion of Grenada, not because of President Ronald Reagan's flimsy pretext of pro-tecting American students but because of real fears of Cuban attempts to export revolution backed by military force.

fenseless. A few hundred Cuban troops could have easily overwhelmed it. So the clear warning by the United States that it would oot allow such Cuban expansion came as a relief to people here.
Mr. Castro has not made such

dramatic changes in domestic

policy as Deng Xiaoping and his successor did in China. He is still a determined Communist revolutionary. But nobody is afraid of Cuba anymore. Even the Pentagon has ruled that Cuba no longer poses any kind

of threat. This is due to the collapse of the Soviet Union, not only as the military and economic guarantor of Mr. Castro's re-gime hut also as an ideological model. There are still some Marxists around the region, but there is no chance of their coming to power.

So Mr. Castro's effort to end his country's isolation and become a full member of the economic, political and cultural neighborhood is receiving an eager response.

proudly independent but quite . The embargo has only inflicted aware of the need to combine serious hardship on the Cuban their negotiating strength if they are to have any weight in the world.

There is already strong support for getting Cuba accepted as a member of the Lomé agreement, which provides preferen- understood that the policy has

tial tariffs in the European Union for what are called ACP countries.

These are former European colonies in Africa, the Caribbean and the Pacific whose trade patterns would have been devastated by independence without some special treatment. Cuba has not been a colony in this century, but it seems natural for it to have equal status and full regional ties.

The problem, of course, is the United States and its rigid anti-Castro policy, which it attempts to impose on third countries.

Nobody, outside of some (but not all) Cuban exiles based in Miami and diebards in Washington, sees any point to the continued embargo on Chba.
After nearly 40 years, the aim

Like most of the island states The Caribbean is made up of of provoking Mr. Castro's in the region, Barbados was do mostly very small countries, downfall has obviously failed. people and prevented any Cuban contribution to regional development

The American policy brings resentment and ridicule from the rest of the area. It is widely become almost entirely a matter of domestic politics — fear of the rabidly anti-Castro Cuban lobby, particularly in the electorally influential states of Florida and New Jersey.

It is easy to compare this policy sarcastically with America's 'constructive engagement" with Communist China, and to suggest that this inconsistency is the disdain of a big power for a much smaller one. There is no longer much

uestion about whether Mr. Castro, who just turned 72, will disappear fairly soon and whether his regime will disappear with him. The questions are when and how.

In a normal course of events, internal evolutionary pressures would produce some kind of 'velvet revolution." 25 happened in Eastern Europe, and the successor regime would

inside Cuba.

This kind of peaceful, homegrown transition would Cubans, and of the United States as well.

But there are grounds to suspect that this is just what the exile lobby does not want, since

its members' return to power on the island. A change involving violence, drawing in the United States, would better suit the exile lobby's ambitions.

it would almost surely preclude

That is all the more reason wby the United States should change its policy now, cancel the embargo and encourage contacts with the Cuban population. That would have a lot of influence in helping Cuba find. its way to democracy and regional integration.

Further, there is considerable evidence that the U.S. electorate, including quite a lot of Cuban immigrants, would greet the change with relief, as Americans did when President Richard Nixon finally reopened exchanges with China. The Cubap lobby still has a lot of bark but? not much political bite.

and the successor regime would be drawn from critical groups ton end the embargo? Two reasons. One is inertia, the awful time it takes for political myth to catch up with reality. The other clearly be in the best interests of _can be called Monica Lewinsky, a beleaguered president feelingunable to take this bold initi-2 ative. But the sooner the policy is changed the better.

Asian Crisis Provides an Opening to Tackle Corruption.

HONOLULU — If there is a silver lining to the dark clouds of Asia's financial crisis it might well turn out to be an invigorated commitment to fighting corruption. The inten-sity of hardship caused by the crisis seems to have reduced the

level of tolerance for the economic costs and inefficiencies imposed hy graft. Most diagnoses of the crisis point to corruption as a primary

culprit and to its eradication as a key remedy. Corruption is an insidious virus that infects, to varying degrees, every nation in the world.

eats away at the structural

foundations of economies, cre-

costs throughout the entire business environment.

When the outcomes of busidetermined by bribery, inflnence-peddling and favoritism, rather than by sound business decisions and market forces, the entire economy pays a price.

Corruption exacts a heavy penalty on every segment of society - laborer and business owner, public official and private citizen. It acts very much like a tax on public projects, adding, according to some

Big Three in the Pacific Region

IN THE current global marketplace, the monetary center of gravity hovers somewhere over the Pacific Ocean. The key players in the coming Pacific Century are the United States, Japan and China.

In the previous world order, where the most salient and immediate criteria were strategic and military, one nation's gain was usually another's loss. That is rarely true in this fiercely interconnected globalized world. Rather, one nation's loss can spread and make others losers because losses stuhbornly refuse to stay at home. It used to be that only if a big country coughed would the little

ones catch the cold. No longer: Last summer's implosion of the Thai bahi wound up despoiling the entire region. And the ripples from Thailand, with an economy a mere slice that of Japan's, became the historic triggering element for the current world anxiety.

Forget any wish to put the globalism genie back in the bottle. Even if we tried we could not contain this powerful technological and market force. There is another problem. Once the Asian financial recovery comes, China and Japan will resume their relentless growth. Even in today's troubled times, both continue to bold tremendous foreign currency reserves and trade surpluses. We Americans need to put aside our sense of superiority and accept that, over time, the

predictable U.S. economic decline relative to these two Pacific

Rim giants mandates that we invent ways of deepening and strengthening the triangular relationship. Wise American policy would not beat a retreat back to the cocoon of the West but would instead reach out across the Pacific. For now more than ever, Asia needs our help, just as some day we will need Asia's. Don't forget that the United States remains the biggest debtor country overall. We still do not save enough to ensure an adequate cushion should our now-thriving economy sputter and fail. What's to say it won't? And note carefully that our biggest creditors are the Japanese: Might it be prudent to avoid

addressing them in arrogant tones? President Bill Clinton's efforts to improve U.S.-China relations and his decision to put on the back burner the recourse to economic sanctions have opened the door to the possibility of an Asia-Pacific triangle for progress. America's newfound tolerance of China may pave the way for

an enduring Pacific relationship, as long as the Washington-Beijing link does not unnerve Tokyo. U.S. diplomacy must draft a careful plan of Big Three cooperation. Washington, Beijing and Tokyo need to form the irreducible core of a new Pacific Concert, a kind of nonmilitary NATO.

-Tom Plate, commenting in the Los Angeles Times.

By Robert G. Lees

ating a honeycomb of added estimates, as much as 30 percent to the cost. The Asian Development

ness transactions are being ruption can cost governments as revenues and can amount to more than a country's total foreign debt. Given the precarious fiscal position of many governments

in Asia, such huge added costs are unacceptable. Economies can only, and will only, fulfill their potential when openness and transparency are para-Corruption has an ugly byproduct. Where it is tol or — worse — encouraged, buman rights abuses seem to thrive as well. Such societies

are plagued by secrecy, manip-

ulation and outright lying. Cyn-

icism flourishes, public trust evaporates and fundamental rights are all too frequently ig-At a time when foreign investment is more critical than ever for Asia, the malign influence of graft can kill any venture before it gets off the ground. It can poison the investment climate for years to come — just ask any business

person who has been victimized by corruption, The senior corporate executives represented in the Pacific MADRID - Much anxiety is Basin Economic Council recently adopted a charter on standards for transactions between business and government. It aims to eliminate corruption from all transactions by promoting integrity, transparency and accountability in transactions between compa-

Its provisions cover, among other things, respect for laws and standards, prohibition of improper inducements, financial recording and auditing responsibilities and political contributions. The council also called on

nies and public bodies.

governments to redouble their efforts to ensure complete integrity, transparency and ac-countability in all businessgovernment transactions.

By upgrading its previous statement on transparency to the status of charter, the council

has re-emphasized what it believes is the strong link between good governance and economic growth and the need for prompt

and effective action. Bank has calculated that cor-ruption can cost governments as much as 50 percent of their tax

The U.S. government and many other governments around the Pacific region seem eager to work with business in the battle against corruption. This type of partnership is essential if the scourge of cor-ruption is to be effectively attacked. Neither side can do it

> Many other prominent organizations are also active in the fight. The Organization for Economic Cooperation and Development has ratified its Convention on Combating Bribery of Foreign Public Officials. The Pacific Basin Economic Council has urged all governments in the region to sign, ratify and implement this agreement as

early as possible.
The Asian Development Bank recently approved an anticorruption policy aimed at reducing the enormous costs that systematic, widespread corruption inflict on economies in the Asia-Pacific region. The Organization of American States is also active, concluding the Inter-American Convention Against Corruption.

Business leaders must campaign for an Asia-Pacific culture in which it is impossible for corruption to exist. Partly as a result of the Asian financial crisis, the chances of achieving a regional consensus on this are improving. There is now a widespread and growing recognition, both in government and private industry, that the costs of corruption are intolerable? and that firm action must be

taken The crisis can act as a catalyst for business and government to agree on measures to end corruption. If we succeed the region will have taken a major step toward restoring growth, stability and prosperity.

The writer is secretary gen-eral of the Pacific Basin Economic Council, an association of senior business leaders representing more than 1,100 companies in 20 nations. He contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Vague Protocol

felt with regard to the Philippines. Very little guidance is afforded by the studiously vague terms employed in the Protocol. The words have been carefully examined with the aid of all available dictionaries, not only by Spanish Ministers but also by diplomatic representatives of several foreign Powers, and all seem agreed that, in drafting this part of the Protocol, President McKinley's aim was simply to keep a free hand for himself until he had time to collect information and decide what policy the United States

1923: U.S. Isolation

should adopt in the Far East.

WASHINGTON - President Coolidge is convinced that the American policy of isolation regarding Europe is right. Observers in Europe have convinced

the President that nothing is happening there to justify a change in the policy maintained by President Harding. President Coolidge is anxious to see a solution of the European problem and he believes that the settlement of reparation is necessary first of all. Furthermore it is indicated that America would be responsive to an appeal from abroad if made honestly.

1948: Berlin Tensions BERLIN — American military

policemen took up positions op-posite Russian soldiers and key points between the Soviet and United States sectors of Berlin after the Russians again penctrated the west sectors to kidnap three people and manhandle German and Allied nationals Lieutenant Colonel Kelly, chief of the American military police." said the American border patrols would stay on duty "un-til the situation cools down."

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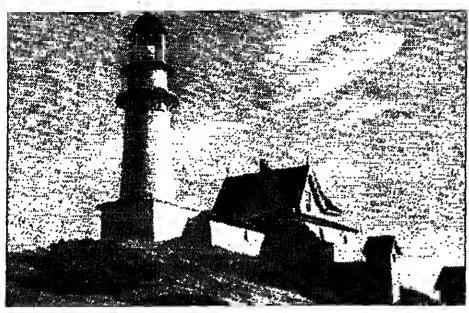
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ART



Two Lights Lighthouse, as immortalized by Edward Hopper. in Cape Elizabeth, Maine.

A Hopper Icon at Risk Major Changes Slated for Lighthouse

By Judith H. Dobrzynski New York Times Service

APE ELIZABETH, Maine - Even on a warm, sunny August day, the view of Two Lights Lighthouse bere is, well, Hopperesque. Scenic but somehow forlorn, frozen in a long-ago time, the lighthouse evokes the sense of isolation inherent in so many classic Edward Hopper paintings. Little wonder that "Lighthouse at Two Lights," which hangs in the Metro-politan Museum of Art and is one of three major paintings and several watercolors he made of the scene, was made into a popular museum poster and is pictured on the 1970 6cent postage stamp marking Maine's sesquicentennial as a state.

Two Lights was a symbol of the solitary individual that faced isolation in the industrial world," says Barbara Haskell, a curator at the Whitney Museum of American Art, which owns two of the watercolors (and the Hopper estate). "It was also symbolic of the vul-nerability of that way of life."

Hopper was indeed prophetic. The Coast Guard automated the beacon at Two Lights years ago and oow, some 70 years after Hop-per painted a scene that became an icoo of American art, the white, gingerbread-trimmed keeper's cottage in it is facing a hig change. The owner plans to expand the house by about a third and add a two-car garage.

Neighbors are horrified.
Workers are scheduled to begin demolishing part of the cottage, which was built in 1873, on Sept. 8 and there is little anyone can do legally to stop the owner, William I. Kourakas Jr., a hometown boy who now works on all Street, lives in Greenwich, Connecticut.

and uses the house as a year-round retreat. Kourakas; who bought the keeper's quarters in 1995, declined to comment for publication, but he has told neighbors that the house has already been altered and is no longer what Hopper painted.

The people around here are up in arms." said John Rich Jr., a retired journalist whose front yard looks out on the view in the Met's painting and who, as a 10-year-old, witnessed Hopper painting it.

Town residents are rueful, at least partly because their tack of power is their own fault. When the towo council of Cape Elizabeth, a hamler near Portland, considered safeguarding historic buildings in recent years, it sided with private property rights over mandated preservation. An ordinance passed last year simply requires anyone embarking on demolinon or construction of a landmark to give

45 days' nooce to the town and to the Maine Historic Preservation Commission "That oes my hands," said Michael K.

McGovern, the town manager.
On Aug. 13, about 40 citizens gathered at the town ball and decided to fight, Afterward, Thomas M. Egan, an insurance agent who is becoming a de facto leader vowed: "We'll do whatever we must do to stop him." The group sent a delegation to plead the preservationists' case with Kourakas on Friday, but he was

'He said there would be no change in his plans and no delay, which means there's going to be a fight, 'Rich said.

Kourakas, the 43-year-old head of Morgan

Stanley's high-yield capital markets group, bas told neighbors that he is not the villain here. Over the years, the farmland surrounding the keeper's house was graded and turned into housing lots, the assistant keeper's house that figures in some paintings was destroyed and the keeper's house was renovated and expanded somewhat. His plan, he argued, reverses some alterations, restores some gingerbread and puts part of the roof line back where it was in Hopper's day.

OURAKAS'S hlueprints, however, also extend one side of the building 12 feet (3.5 meters), add 16 feet to another side, turn a three-bedroom house into a six-bedroom one and install a garage with a connecting walkway to the

Gail Levin, the author of eight books on Hopper, agreed. "It's a shame be is altering this major historic landmark." she said of Kourakas. To Hopper, she said, there was as poetic as it is topographically ac-"something quintessentially American about lighthouses, especially this one.

Two Lights also marked something of a turning point in the artist's career. As Levin writes in "Edward Hopper: An Intimate Biography" (Knopf, 1995/University of California Press, 1998), Hopper and his wife, Jo. discovered Two Lights in 1927. Hopper had just sold "Two on the Aisle," which shows a pair of elegant women in a near-empty theater and is in the Toledo Museum of Art, for \$1,500, his highest price thus far. The couple

\$1,500, his highest price thus far. The couple used the money to buy their first car and set out from Nyack, New York, for Maine.

At Two Lights, be painted "Lighthouse Hill," an oil in the Dallas Museum of Art, and "Captain Upton's House," an oil owned by the actor Steve Martin. Hopper also painted other parts of the Coast Guard complex at Two Lights, and he returned in 1929 to paint the view that the Met purchased in 1962.

Glimpses of Stuart Britain in Prints

By Souren Melikian International Herald Tribune

ONDON - The art may oot be great, hut as a key to the understanding of British cultural history, few shows beat 'The Print in Smart Britain, 1603-1689," at the British Museum until

Sept. 20. The subject had never been dealt with, oot even in book form. Eager to Baltic Sea, was employed by Christian fill the lacuna, Antony Griffiths, IV of Denmark to execute decorative keeper of the department of prints and drawings, has done it in 155,000 words. It is not light reading and yet it

is gripping.
Once he gets into it, the reader pushes open the door of this London art world of the 17th century in which little was English. He is made privy to the schemes of the high-and-mighty, complete with financial scandals and mistresses in high places doubling up as dertaking, and he produced etchings. agents for a foreign power. So, what's His contemporaries raved about them. new? Well, the illustrations are. More To the modern eye they look conthan 90 percent of the 214 prints, which book, have never been displayed.

These might never have seen the light of day had the Spaniards not invaded the Southern Netherlands in 1567, sending bordes of Protestants fleeing to Britain. Thus it was that Marcus Gheeraerts the Elder of Bruges came to illustrate the Dutch and French editions of a Dutch book, "Her Theatre," with the first etchings published in England in 1568.

By the time James I ascended the throne in 1603, the entire publishing business was dominated by Netherlandish émigrés. It was the publisher Hans Woutneel, a refugee from Antwerp who sent to a fellow Flemish refugee in Cologne, his friend Crispijn de Passe the Elder, a portrait of the defunct Queen Elizabeth drawn in pen and brown ink by Isaac Oliver to be engraved. And when the need for Rupert'' (Ruprecht of Pfalz) was the an engraved portrait of James I was son of Elizabeth, sister of Charles I, and an engraved portrait of James I was son of Elizabeth, sister of Charles I, and felt, the publisher turned to another Frederik of Bohemia. While a young émigré, Francis Delaram.

German Empire in 1636, met Vaclav invented in 1642 by a German soldier, Hollar — Wenzel to the Germans; Ludwig von Siegen, who did not ex-Wenceslaus in England - who had beeo forced to leave Prague in 1627 for Frankfurt, where he had become a full-fledged German school engraver. Hollar accompanied him on his jouroey home.

Within months of his arrival, Hollar produced one of the gems in the show, The Long Greenwich View." The landscape unrolls with a suggestion of

Hall huilt by Inigo Jones only just visible. A poem underneath was meant to sound wildly erotic: How Phoebus [the sun], crowns our

Sumer daves With stronger heate and brighter

Her lovely neck and breast are bare While her fann doth coole the ayre. Tastes change. Francis Clein, a German artist from Rostock on the paintings in the castle of Rosenborg when he visited Londoo in 1623. Clein so impressed James I that he pressed his brother-in-law Christian IV to al-

low Clein to go to London. On his second visit, two years later, Clein was naturalized and received a ventional, not to say stilted, however should really be seen after reading the skillful his technique, praised by Griffiths, may be.

> HE work of the Frenchman Isaac de Caus has greater charm. He too was a big hit. By 1634 he had become a subject of His Majesty. Inigo Jones, with whom he frequently collaborated, recommended him to the Earl of Pembroke for the face-lifting of the south front of Wilton House and the garden layout. Pembroke was so enthusiastic that he gave de Caus a pensioo and lodgings in his house. "Horus Penbrachianus," engraved by de Cans, half bird's-eye view and half gardeo map, has a light-hearted, falsely naive charm that is irresistible.

At intervals, there was more to the work of immigrants from continental exile in the Netherlands, he mastered Indeed, foreign artis's were called in from all over Europe. The Earl of Brussels, he was initiated into the Arundel, while on an embassy in the

> "The Little Executioner," the portrait of a man dated 1662, inspired by a portrait then believed to be by Ribera, is a dramatic close-up of a man's head bending forward. It ranks among the great masterpieces of 17th-century

Prince Rupert, a passionate experimenter and inventor, improved the the hackdrop of a low landscape — St. in Britain. Royal mistresses were por-Iames's Park, with the Banqueting trayed in this medium to satisfy the plans in mind, for she took along the lighten you about the present.

The Tempest Over Gehry-on-Hudson



A print by Vaclav Hollar titled "Summer" and dated 1644.

ghoulish curiosity of the public. Hortense Mancini, the niece of Cardinal Mazarin of France who had been granted the title "Duchess of Maz-arin" by Louis XIV, was one of them. Havir,g married the Duc de Meilleraye, she left him after a flaming dispute and came to London where she promptly proceeded to outdistance the mistress-in-residence, the Duchess of Portsmouth. Imprudently embroiled in an intrigue, Hortense was nimble enough to persuade her royal lover to let her have a £4,000 yearly pension. That allowed her to live luxiriously in her Chelsea house assidnously visited by those with

claims to wit or an elegant lifestyle.

The Dutchman Gerard Valck engraved a likeness of her, blandly con- France in 1688), assures us that she ventional. A Junoesque woman, her immensity under the light clouds. It is technique and passed it on as a secret head diffidently averted, turns her eyes to be jealously kept, to a few fellow to look at the viewer with her hand curate. Some of his commercial prints members of the Royal Society. A de-pressed against her Bosom, as if to of humanity that scrambled up the were bolder. "Summer," dated 1644, "cade later, the secret was widely prevent her dripe from coming down. "greasy posts at the London court. Use-is seen as a woman walking, fan in known. Mezzotint portraiture, with its The Duchess of Portsmouth, her figure fully supplemented by Griffiths's onhand, as if gliding sideways, against rich, smooth texture, became the rage rival, had come to London as Louise de tices, they deserve a close study.

painter and engraver Henri Gascar. Closely associated with the Catholic party at court via the duchest! Gascar enjoyed enormous success. He portrayed her in mezzotint, but this ener ing cannot have been much added. She was loathed for being # Catholic and accosed by the whispering brigade of being an agent of Louis XIV. Luckily the duchess was # tough nnt. She not only saw her rivat ont of court, but she maintained her

position right until Charles's death. In Gascar's portrait, she is non-chalantly reclining, her chubby poker face giving nothing away. Uninspired as it may be, this is a postrait one does not easily forget. Voltaire, who met her in her old age (she returned to was still very beautiful.

There are many more likenesses of these curious international specimens

ARTS



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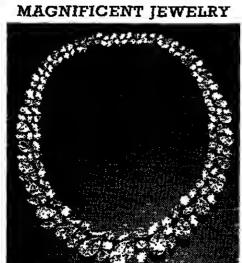
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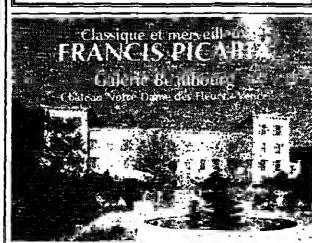
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There is only one problem. A lot of people think it's in the wrong spot. Place, fears it might even be visible ident, Leon Botstein. "I argued with people think it's in the wrong spot. from the columned porch of the 1804 him a lot," Gehry said. "Your first By Tracie Rozhon

New York Times Service

NNANDALE-ON-HUD-SON, New York - Bard College, a small liheral arts school on 550 acres here, wants to huild a knock-yoursocks-off building, a sculptural sbell for music, drama and dance. Designed by Frank Gehry, who is basking in the triumph of his Guggenheim Museum in Bilbao, Spain, the \$24 million Bard Performing Arts Center would have some of the same sweeping silvery roofs, some of the same draftsman-defying curves as its

To townspeople, preservationists and Bard's president alike, the center might well be another of Gehry's coups, a mecca for architectural pilgrims and lovers of the performing arts.

Spanish sibling-under-the-skin -

and some crinkles thrown in.

Right now, the structure is de-signed to nestle in a ravine oext to another of Bard's performing arts buildings. The site is 305 feet from the Saw Kill creek, across from land owned by Montgomery Place, whose mansion and grounds are listed on the National Register of Historic Places and are seen by 30,000 visitors a year. While the new center would not obstruct Montgomery Place's view of the Hudson, it would look out over a pristine, backwoods lake and dam rhapsodized by A.J. Downing, one of the most famous of 19th-century romantic landscapers.

Opponents are worried that the 105-foot stainless steel, glass and coocrete huilding will be seen above and through the trees from the mansion's numerous trails — and Lucy Initially, even Gehry asked the same waiting — although Botstein vo Kuriger, director of Montgomery question of Bard's determined pressure trails — and Lucy Initially, even Gehry asked the same waiting — although Botstein vo start construction in the spring.

classical revival house itself.

"It needs to be moved back," said Richard Jenrette, the financier, house restorer and neighbor. He is joined in his concern by other preservationists and environmentalists. The State Parks Department "strongly recommends" that the center be moved somewhere else - or be reduced in height. The National Park Service worries that the construction will pose "a threat" to the historic district, according to letters to the planning board.

In his own letter, Jearette said the siting of the proposed huilding "seems almost vindictive." At the end of his letter, be asked, "If the proposed Prank Gehry structure is going to be beautiful, why not stick it in a place where Bard can enjoy all sides?"

arguments of Botstein. "He's vehement: He's not building it just to build an edifice, for fluff," he said. The new center, Gehry said, must be "part of the teaching experience" and relate to the two adjacent arts buildings, which will become part of what Botstein sees as the campus arts complex. The building has to be massive! Gehry added, because it must work for orchestra, opera, theater and dance. It must be almost 100-feet high

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huilding, why put it down there?" But in the end, Gehry was convinced by the

because of the flies — the area above the stage that holds the scenery.
On Aug. 3. Bard volunteered to submit an eovironmental impact statement by Oct. 1. Officially, everyone is Initially, even Gehry asked the same waiting - although Botstein vows to

BOOKS

THE SILVER CASTLE

By Clive James. 263 pages. \$23. Random House.

Reviewed by

Michiko Kakutani CLIVE JAMES'S last onovel, "The Man From Japan," was amusing, energetic and oddly affecting. His new oovel, "The Silver Castle," is amusing, energetic and oddly condescending. It aspires to be a kind of "Candide" set in contemporcomic book, penned with a self-satisfied sneer.

The plot of "The Silver Castle" not only takes its cue from hundreds of earlier hildungsromans, but also specifically recalls "The Man From Japan" and James's own 1981 autobiography, "Unreliable Memoirs." Once again we are introduced to a poor young man equipped only with some pluck and good luck. And once again we

NEW AUTHORS PUBLISH YOUR WORK ALL SUBJECTS CONSIDERED Authors world-wide invited

ous assortment of strangers who will introduce him to an exotic new world and lead him into a series of improb-

able, picaresque adventures. When we first meet James's hero, Sanjay, he's a penniless pavement dweller living in the mean streets of Bombay. He has a cruel, drunken father; a sad, prematurely aged mother; innumerable brothers and sisters. and an improvised home ary India. It reads more like a made of rags, hags and dirt. To Sanjay, a taste of Thums Up, a kind of local cola, is an amazing treat; a blanket, an

almost unimaginable luxury. As a young boy, Sanjay has caught a glimpse of the Silver Castle, a Bombay movie studio that cranks out dozens of gie de la boue." melodramas and action films, and that glimpse of a magical land of make-believe will fuel his secret dreams. He becomes an ardent reader of movie magazines and hones

look") in front of a mirror. It's oot long before Sanjay has left home to become a beggar and petty thief in cactus." downtown Bombay, and begun a series of liaisons with MINERVA PRESS 2 OLD BROWFTON RD. LONDON SW 7 300 wealthy men and beantiful women that will eventually that the reader begins to sus-

are meant to follow this bring him back to the Silver young man as he meets a curi- Castle as an extra and bit James sketches in the rig-

ors of Sanjay's life on the streets with a smattering of telling details. The reader quickly learns about the pecking order among the beggars and gangs of Bombay, and the tricks employed by scam artists intent on ripping off gullible tourists. Wealthy Indians and tour-

ists in search of poverty chic are agilely skewered as well. "He reminds me of what my life was like before," says one movie star of Sanjay. "Simple. The life of the senses." Another new friend, visiting Sanjay's home in the slums, exclaims: "This place does wonders for my nostal-

James also displays his customary narrative panache. in extracting humor from Sanjay's bumbling efforts to get ahead by parroting movie dialogue and magazine caphis own acting skills by prac-ocing his charm (his "soulful" Your sexiness triggers procreation in the world," Sansy tells a girl he likes, adding. Life without you is like a

> So much of the humor in "Silver Castle" comes at the expense of Sanjay, however,

of grudge against his hero. He is constantly mocking Sanjay's difficulties with English are obliged to and his snooty narrator who is fond of using the royal "we" -- has an annoying

habit of interrupting the story with hlase, been-there-donethat asides that treat Sanjay as an ignorant buffoon. As the novel progresses and Sanjay's fortunes rise by the time he's gotten a few

character parts as a tough guy, he is also romancing two of the Indian cinema's leading ladies — the narrator grows increasingly impatient, as though Sanjay were getting above himself; wanting too much, dreaming too fast, appreciating too little.

"The unusual integrity of her personality remained a mystery to him," the narrator says of one of Sanjay's girlfriends, "because his own personality had no integrity of its own. It was fragmented, and so could never focus its appreciation."

The novel's brutal shock sad, should give us cause for ending not only attests to hope. James's determination to punish his hero for his hubris in wanting a better life, but in wanting a better life, but also provides his narrator with an opportunity to mor-alize about the meaning of Sanjay's life and the lives of

pect that James has some sort others like him "stuck then

Most of us, James argues are obliged to accept the fact that "the things we know do not form a complete picture," that they are just bits of a jigsaw puzzle picture of "al lost ship, called Western Civilization; of a radiant long cloister called the Grace of God; or of a glittering, variegated procession called the Ascent of Man." We can see the edges of the picture "even though there are whole patches of sky, sea and early

missing." But the young Sanjay even at his brightest could see no edges. James conditiones. For him there was no picture. The pieces of the puzzle were never together out the table in front of him. They were oever in the same room, or even in the same house They were scattered through time and space, never to be joined even potentially. view of that cruel fact, he did well, and his story, though

oh-so-sning rich people he means to satirize in this funda-but years some head.

but very sour book. New York Times Service

PAGE 9

Global Telecom Players Scramble to Connect

By John Schmid
nternational Herold Tribun

FRANKFURT - To the dismay of many of Europe's established telecommunications companies, luring prized, big-spending multinational clients has never been tougher.

Years after many of them created globe-spanning alliances selling one-stop shopping for voice and data services, big players such as Deutsche Telekom AG and France Telecom SA are still trying to find an international

strategy that works, analysts argue.
Pressure on these alliances mounted again last month with the announcement that two of the world's biggest

and most respected operators — British Telecommunications PLC and AT&T Corp. — would merge their international operations into a global network with \$11 billion in annual revenues and 5,000 employees.
As a result, another global scramble

for partnerships is unfolding. "The state of the alliances is volatile, and we expect that to commue for the next couple of years," said David Neil, an analyst at Garmer Group Europe, a technology think tank based outside

In an industry that values size, the new venture qualifies as a leviathan. AT&T is the biggest long-distance carrier in the world's biggest market, and

BT is the biggest operator in Britain. "BT and AT&T have well established names for quality and innovation, and they will be a formidable force," said Victoria Granger, an analyst in London

The AT&T-BT team already has struck a potentially fatal blow to Unisource NV, a Netherlands-based consortium formed in 1992 between the Dutch, Swiss and Swedish national

To concentrate on its bold BT venture, AT&T abruptly withdrew from Unisource. For Unisource, that means a lost link to the vast U.S. market and termination of a critical operating unit. AT&T-Unisource Communication

Services, which is 40 percent held by AT&T.

The global reshuffling also has meant the effective disappearance of another once-touted rival alliance called Concert, a venture between BT and MCI Communications Corp. of the United States.

WorldCom Inc. of the United States left the future of Concert in limbo in November when it announced a surprise acquisition of MCI. Under the newest arrangement, BT will buy MCI's stake in Concert and fold Concert into its arrangement with AT&T.
At loss-making Global One, the al-

See TELECOM, Page 13

Hyundai Employees **Abandon Hard Line**

Union Accepts Seoul Plan for Some Layoffs

By Don Kirk

International Herald Tribun ULSAN, South Korea - Hyundai Motor Co.'s labor union on Friday accepted a government proposal to allow layoffs of up to 300 workers and one-year partially paid furloughs for another 1,238 workers in an effort to end the strike that has halted production here since July 13.

After the agreement was reached, the government team announced that there now was ''no cause to send in the po-

lice" to drive out several thonsand striking workers who have beld the facility for a month, signaling that the strike

might end peacefully. But the company im-mediately rejected the

proposal.
"We cannot agree to the politicians' recom-mendation," said Kim Pan Kun, a managing director. The com-pany's 'last proposal,' he said, was for layoffs of 400 people and non-paid furloughs.

Chung Mong Gyu, Hyundai Motor chairman and member of the family that owns the Hyundai group, Ko-rea's largest chaebol, or conglomerate, charged that negotiators were 'favoring the labor union." Hyundai officials said the government had abrogated its responsibility.

'It's the government role to maintain the law," said Shin Hyun Kyu, chief spokesman for the company. "This country is ruled by

In a case watched by hundreds of Korean companies facing the need for layoffs, the government team gave the impression it was Hyundai into agreement.
'There are no longer three-way negotiations,' said Nho Moo Hyun, a national assembly member dispatched by President Kim Dae Jung to negotiate settlement after all other efforts had failed. "Government-labor negotiations do not exist. Now there are just government and company negoti-

Mr. Nho said that because the strikers had agreed on a compromise, they were no longer to blame for stopping pro-

The government team switched to the workers' side after Kim Kwon Sik, the president of the union, relented on his damant refusal to agree to layoffs. Mr. Kim said he would accept layoffs of 250 to 300 workers and one-year furloughs for another 1,238 workers, whom the government, the union and the company

would pay for six months. The stance of the government team

alarmed business leaders.
"It is not fair," said Cho Nam Ho, president of the Korean Business Leaders Association, made up of executives of companies. He called on the government of the said fairly the illegal ernment to "handle fairly the illegal

Bae le Dong, senior managing director of the Federation of Korean Industries, a kind of club of owners of Korea's conglomerates, viewed the terms of settle-ment of the Hyundai strike as "a very important indication of which actions can be taken by other business firms."

He called on negotiators to "accept the principle of layoffs," as demanded by the International Monetary Fund in arranging a rescue package of nearly \$60 billion in loans last December. Hyundai: Motor, which employed 46,000 people before letting about 8,000 of them go with "voluntary retirement" packages and furloughs, is the first major com-

pany to attempt to lay off workers.

This may be a test case of whether other chaebol can lay off anyone or not," said Yoo Tae Ho, executive managing director of the Daewoo Research Economic Institute, an arm of the Daewoo group, which also manufactures motor vehicles.

"The government is saying that lay-offs are inevitable," said Mr. Yoo, "but the problem is the size of layoffs will

not in black and white."

• BABY AS ACCESSORY: This

season it seems that babies are as im-

portant as the right bandbag.

Elle, Vogue and Marie Claire all feature cute babies in their fashion editorial

pages, egged on, it seems, by Isaac Mizrahi, who recently featured rain

slickers and evening gowns with matching baby carriers in his collection.

tor, said her magazine's decision to run

an entire photo feature ntled "Insouci-

ant au Pair" was inspired by current

fashion trends and baby adoration

among ber readers. "There was a feeling

this fall in fashion that was very school-

girl-like, a fresh innocence, from pleated skirts to flat shoes," Ms. Hopper said.

reality factors that a reader of fashion

Of course, there are only so many

Marin Hopper, Elle's fashion direc-

Tokyo Set to Revamp Ailing Bank

By Stephanie Strom New York Times Service

TOKYO — Long-Term Credit Bank Japan Ltd., which has become an imfortunate symbol of the problems of Japan's banking system and the gov-ernment's inability to act swiftly to fix them, announced a restructuring Friday that will pave the way for an injection of public funds and an eventual merger with the Sumitomo Trust & Banking

. The restructuring was an incontroyertible sign that the government is boping to steer the battered Japanese fi-nancial system to a "soft" landing, rather than the swift, relentless overhaul many foreign investors long for.

. - Its ability to pull off a gentle resolution to the massive banking system crisis, however, may be challenged by those fereign investors, who have already harshly punished Japan's banks.

"If it is to have any credibility, the Japanese government must demonstrate that it is going to allow the market to determine final outcomes, and if those outcomes suggest losses, it can manage them," said Alicia Ogawa, banking analyst and head of research at Salomon

Smith Barney Inc. in Tokyo.

But what they seem to be demonstrating is that they are trying to build a wall around the market, and that is just

Korean Firm Touts

Washer That Cleans

Without Detergent

SEOUL - A South Korean venture capital company claimed Fri-

day that it had developed the

world's first detergent-free wash-ing machine, which it said would

greatly help reduce water pollu-tion.

, Kyungwon Life and Science Re-

search institute developed the new

laundry system by applying its own water-purifying technology, said a spokesman for ShinDongBang

Corp., which has the right to market

The system changes the nature of water by using layers of special catalysts planted between electrodes, which give water detergent-

like qualities without causing pol-

lution, said Kim Hee Jung, who

Bang 5 billion won (\$3.8 million)

over the past seven years, the

spokesman said. The new laundry

machines will come on the market

energy than traditional laundry ma-

chines because it does not need a

Tests of the machine by tech-

nicians from South Korea's giant

Daewoo Electronics Co. produced

satisfactory results, news reports

The machine uses less water and

The invention cost ShinDong-

leads the research institute.

the product.

early next year.

rinse cycle.

here said.

numerous other government officials on Friday revealed the government's intention to shore up Long-Term Credit Bank with an infusion of public funds. The government started laying the

groundwork for a taxpayer rescue of the bank earlier this week, when Mr. Miyazawa and other officials testified in Parliament that to allow any of Japan's 19 largest banks to fail would be court-

ing worldwide financial chaos.

The rescue operation announced Friday dulled the potential effect of the government's much-discussed "bridge bank" plan for resolving the problems of failed banks while at the same time keeping credit lines open to worthwhile

The announcement made it clear that the "bridge bank" plan, currently under discussion in Parliament, will probably never be used to resolve the troubles of the country's 19 largest banks. It also etched out no plan for Long-

Term Credit's future beyond a merger vith Sumitomo Trust. In exchange for government assist-ance, Long-Term Credit intends to write off 700 million yen (\$4.9 million) in bad debts, including some 500 million yen in loans to three of its most beleaguered nonbank affiliates, Japan Leasing Corp., Japan Landic Corp. and Nippon

Enterprise Development Co. Japan Leasing, which has some 1.9 trillion yen in bad debt, according to Nihon Keizai Shimbun, Japan's business daily newspaper, will be ordered to

stop financing businesses.

Dozens of other affiliates to which the bank has transferred portions of its non-performing loans in an effort to clean up its own balance sheet will be liquidated, and its president, Katsunobu Onogi, and two other senior executives will resign to take responsibility for the bank's dire straits.

A planned reduction of 700 jobs will be accelerated, and managers and others will see their pay cut.

The restructuring will pave the way for the government's Deposit Insurance Corp. to provide assistance to the tune of as much as 800 billion yen — and perhaps more, according to analysts, who note that the government often provides further assistance in the form of tax breaks designed to avoid pro-

voking public ootery.

The Bank of Japan is also expected to keep the struggling bank afloat with uncollateralized loans to support its day-to-day funding operations in the event that other Japanese and foreign banks move to limit their exposure. Long-Term Credit will withdraw

from all overseas operations, which will be assumed by Sumitomo Trust, and it will try to sell its bead office building in Tokyo.
All of that, analysts say, may only begin to repair the bole in the bank's balance sheet caused by bad loans. The

bank's official figure is 690 billion yen

for the amount of bad loans against

which it does not have reserves.



boy whose headband says "Save Our Jobs" touring the tent city at the Hyundai plant Friday. prepared to pressure bave a great impact on the economy."

MEDIA MARKETS

Fashion Retailers Get a Dose of Reality

Advertisers Seek Real People and Their Babies in Highlighting Lifestyle

By Jennifer Steinhauer

New York Times Service NEW YORK - Flip through the September issues of the fashion magazines in America, and there appears to be a subtle shift in the sensibility of fashion advertisers this au-tumn. Fashion advertising bas traditionally depended on images of fantasy. But now there are signs that

fashion is trying to add a little realism. Here are a few little trends noted in advertisements in the September issnes of Elle, Marie Claire and Vogue:

• REAL PEOPLE: This season, real women populate the ads. Anne Klein's campaign features a dancer, a venture capitalist, a radiologist and a mother among other women who do not model professionally. The autumn Dockers campaign for Levi Strauss & Co. relies on women in film, like the actress Rosie Perez, and an advertisement for Timex watches features the faces of three sis-

Donna Karan's autumn campaign uses professional models, but one of them is older than 40 and no longer

works regularly. The press release for Calvin Klein's new ad for a men's fragrance boasts that the model is a father of three and hints that the fact he is drop-dead gorgeous and pitches in at home makes him, to use

Mr. Klein's favorite buzzword, very which is ironic because life of course is

'modern.'
Mr. Klein pioneered the reality effect with his earlier advertisements, which featured unscrubbed, anti-model mod-

"When you put model, a fantasy and fashion all together, it can get to be too overpowering," said Tom Julian, a trend analyst for Fallon McElligott's New York office.

"The fashion industry has started to realize that if you make fashion acceptable on all levels, you get more people to buy in."

BLACK AND WHITE ALL

OVER: There are so many black-andwhite advertisements in the autumn magazines that they almost resemble newspapers. In the 568 pages of Elle, 26 fashion houses use black-and-white photography for their campaigns, or nearly half the fashion ads. From Calvin Klein to Halston to Gucci in Eileen Fisher, the color of newsprint is found throughout.

True, autumn's palette — grays, dark greens and beige — lends itself to black and white. But many of these ads resemble a documentary.

"Black and white does seem to be the color of the moment in fashion ads," said Donny Deutsch, chairman and chief executive of Deutsch Inc. in New York.

Black and white stands for reality,

magazines can take. A Bergdorf Goodman advertisement features a woman in a Guy Laroche dress and coat, walking a llama down a

New York sidewalk. "We wanted to position ourselves as a little less serious," said Michael Calman, a vice president at the New

York department store, a unit of the Neiman Marcus Group. "We want to show we can appeal to a younger andience, and that is generally not bow we are perceived."

CURRENCY & INTEREST RATES

DOILERGABBANA

The shift is subtle, but fashion advertising is trying to add a little realism.

Cross Rates **Key Money Rates** Yield 4.99 5.17 5.21 5.21 5.29 5.30 5.45 Other Dollar Values Pers 9:34 2:0317 7:8979 42:61 3:74 184:09 6:995 3:7504 1:766 Convency
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Nobel Winner Aims to Capitalize on DNA Niche

Bloomberg News

LA JOLLA, California - This is a story about an ocean-surfing Nobel laureate, an Iowa paving contractor, and a company named Questar International Inc., which has no products but thinks it can save lives.

The company, which plans to deepfreeze human genes, says it is facing an inquiry by the Securities and Exchange Commission into the movement of its stock price before a \$1.5 billion offer for 80 percent of its sbares.

That bid came from Pax International

Inc., a privately held Tokyo-based importer of survival blankets and waterpurification straws. The company has net assets of less than \$1 million, according to a Japanese corporate information service.

Questar's leaders are enthusiastic about their prospects. "This company will be on the Fortune 500 list within a year, mark my words," said Don Wasb-burn, 49, an asphalt and roofing contractor from Cedar Rapids, Iowa, who controls Questar with his business partner, Kary Mullis, winner of the 1993

Nobel prize for chemistry.

Questar's shares have fallen about 50

percent from the 52-week high they reached just before Pax's bid was announced in June, and they now trade at about \$1.50 - well below the \$20.97-ashare offer.

Questar is in the bupe husiness. The Hiawatha, lowa-based company has a technique for extracting deoxyribonucleic acid, or DNA, the genetic building block of life, from the blood of healthy patients. Mr. Mullis, who patented the procedure, thinks that in 10 or 20 years, those samples could be used to treat the medical problems customers develop as

they age. Questar says it charges \$515 to isolate DNA from a customer's blood and freeze it at minus 120 degrees Fahrenheit (minus 84 degrees Centigrade), on the bet that science will eventually develop gene-based therapies for cancer, AIDS and other deadly diseases.
"It's not worth your life savings,

said Mr. Mullis, a 53-year-old surfer from La Jolla, California. "But if it's only \$515, why not?"

Mr. Mullis and Mr. Wasbburn formed Histotec Inc. in 1995 to control the rights to two of Mr. Mullis's patents for DNA extraction.

Last year, Histotec licensed Mr. Mullis's patent rights to Questar in exchange for 66 million shares of Questar, now worth about \$100 million. That gave Histotec about 74 percent of Questar.

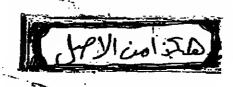
Questar announced June 7 that Pax

International had offered \$20.97 per share for 80 percent of the company. That was six times the \$3,25 the shares fetched the day before Questar issued its press release.

Since then, Pax has neither explained how it will finance the offer nor filed any public documentation of its bid. And the stock, which peaked at \$5.50 on June 3, has not even come close to the

"It sounds like a fairy tale to me," said Phil Feigin, a former president of the North American Association of Securities Administrators and now Colorado's securities commissioner.

See QUESTAR, Page 13



THE AMERICAS



Very briefly:

• Smith International Inc., the seventh-largest U.S. oilfield service and equipment company, will buy the 36 percent of an oil-drilling fluids joint venture that it does not already own from Halliburton Co. for \$265 millioo.

• Oracle Corp. will acquire Versatility Inc., a software maker of telephone sales applications, for about \$12 millioo. · Cisco Systems Inc., an Internet networking provider, will acquire privately held American Internet Corp. of Bedford, Massachusetts, for \$56 million in stock.

 Morgan Stanley Dean Witter & Co.'s Novus Services foc. and US Audiotex have teamed up with the Internal Revenue Service to allow U.S. citizens to pay their federal taxes with credit cards for the first time cext year.

· Circus Circus Enterprises Inc.'s second-quarter profit rose to \$25.3 million from \$24.5 million a year ago, exceeding expeciations, as recovations at its properties drew more

 Argentina postponed indefinitely the sale of its remaining 20 percent stake in oil producer YPF SA after a plunge in the shares reduced the amount the government would obtain from such a sale.

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Jan 1, 1992 = 100	Level	Change	% change	year to date %change
World Index	184.13	— 4.27	- 2.27	+ 6.98
Regional Indexes				
Asia/Pacific	74.49	0.96	— 1.27	22.46
Europe	219.38	- 8.62	— 3.78	+ 13.64
N. America	249.70	— 1.13	- 0.45	+ 15.61
S. America	97.05	5.14	5.03	— 36.43
industrial Indexes				
Capital goods	252.42	4.36	1.70	+ 22.20
Consumer goods	224.04	3.08	— 1.36	+ 6.82
Energy	186.85	- 3.51	. — 1.84	-4.16
Finance	129.39	— 4.68	3.49	.+5.23
Miscelléneous	142.08	— 5.04	— 3.43	 5.20
Raw Materials	167.39	 4.2 3	 2.46	+ 0.09
Service	196.27	— 5.33	- 2.64	+ 12.60
Utilities	149.36	— 5.66	— 3.65	10.49
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AMP Board Turns Down AlliedSignal's Offer

HARRISBURG, Pennsylvania AMP Inc.'s board rejected AlliedSignal Inc.'s \$9.8 billion acquisition offer on Friday, saying it was inadequate and not in the company's best interest.

AMP also overhauled its top management, naming Robert Ripp, an executive vice president at AMP, as the electronic equipment maker's new chairman and chief

AMP's chairman, James Marecutive officer, William Hudson, will step down to become vice chairman of the board. AMP's board was unanimous in

rejecting AlliedSignal's tender of-fer of \$44.50 in cash per share for all of AMP's outstanding shares. AMP shares were quoted \$1.375

lower at \$37.675 in late trading. Brothers Harriman. while AlliedSignal had fallen \$2.50 to \$36.675.

trical and electronic connectors."

AMP also said its businesses were not compatible with Allied-Signal's chemicals, auto and

erospace parts operations.
The board said it was committed ley, will retire, and the chief ex- to revitalizing AMP and thought its stock price would increase significantly as it continues to restructure the company through closing plants, shedding divisions and eliminating about 3,500 jobs.

am Milton, analyst at Brown retire soon, Mr. Hudson was sched-

AMP said savings from the plant closings and job cuts should gen-In its recommendations to AMP erate 11 percent operating margins shareholders, the board said AlliedSignal's offer "does not reflect next year and 16.5 percent in 2000. the inherent value of AMP as the world's largest supplier of elecshare in 2000, AMP said.

AlliedSignal is waiting for AMP to file its rejection with the Securities and Exchange Commis-sion before it responds, an Allied-Signal spokesman said

AMP had accused AlliedSignal member board by urging share-holders to add 17 pro-Allied seats to the AMP board.

eliminating about 3,500 jobs.

"The board is going to fight to remain independent," said Willi
over a year. Mr. Marley was due to ployees in 40 countries.

uled to retire midyear 1999, the company said.

Mr. Ripp, who joined AMP as its chief financial officer in 1994, is responsible for many of the company's profit-boosting efforts. He was named executive vice president in charge of AMP's global businesses this year. Before joining AMP, Mr. Ripp was vice president and treasurer of International Business Machines Corp.

AMP is the world's largest manufacturer of electrical, electronic, fiber-optic and wireless interconthis month of pressuring its 11-nection devices and systems. The member board by urging share-company has 48,300 employees in 53 countries. Its sales reached \$5.7 billion in 1997.

MARKETS: Stocks Drop as Asian Problems Wash Up in Russia and Venezuela

Continued from Page 1

Smith Barney Inc., "is huge liquidsically what started it was prices of Russian assets got marked down really substantially."

Because many investors in emerging-market instruments borrow money to take their positions, Mr. Lachman said, lenders began demanding partial repayments as the value of rates shot up for emerging-market. Russian stocks and bonds numbled. To economies, Mr. Lachman said. meet these margin calls, investors began liquidating other holdings. Venezuela was particularly hard

its currency. The United Press International quoted curreocy traders in New York as saying the Venezuelan central bank would allow the bolivar to float anywhere within its fluctuation band of 516 to 600 to the dollar, rather than defeeding the midpoint of 558. The bolivar, which was trading at 575 to the dollar, is vulnerable because the country depends on petroleum income for about half of its revenue and energy prices are weak, reflecting the slowing world ecocomy.

In developed Western markets, the view is that "Asian and Russian trouble just won't go away," said Alan Ackerman, executive vice president at Fahnestock & Co. markets as leading to a domino-type effect. For now, that may be a bit overstated, but there is a growing devalued the U.S. presidency."

He added, "Weak government the air and the flow of the devalued the U.S. presidency."

U. S. STOCK MARKET DIARY

moving toward the bond market." The price of the benchmark 30year Treasury bond rose 1 1/32 point ations of positions following the Friday to close at 100 28/32, sending Russian debacle on Monday. Bathe yield down to a record low 5.45 percent. That compares with a 5.52

U.S. STOCKS

percent yield earlier this week and a 6.6 percent yield a year ago. European bond yields also declined, but interest

Last month, he said, borrowers in emerging markets had to pay about Venezuela was particularly hard 5.75 percentage points more interest hit because of fears it might devaloe on five-year bonds than the U.S. Treasury. By Friday, that discrepancy had widened to 13.4 points, meaning that emerging-market borrowers had to pay interest rates in excess of 18.5 percent to attract investors. Such levels, Mr. Lachman said, were not justified by economic fundamentals in many of the countries.

These "exorbitant" interest rates will also force the countries to reduce their imports, putting downward pressure on the American economy, which has remained relatively healthy since the onset of the deflationary pressures last year.

Mr. Ackerman noted: "The U.S. economy cootinues to be attractive: Inflation and interest rates remain low. There is, however, growing 'Many market watchers are talking concern about currency devaluabout weakness in several emerging ations elsewhere in the world and

Edward Yardeni, chief economist at Deutsche Bank in New York, predicted a bear market would persist past the turn of the millennium. Mr. Yardeni has been warning for months that the Year 2000 computer problem is likely to cause a global recession on its own.

'My problem is that I think the Asian problems are just a warm-up act for the Year 2000 problems," he said, adding that the combination of the two would result in a bear market that will last for several years.

"When bad news strikes that turns a bull market into a bearish one," he said, "the initial reaction of investors is to sell stocks, but then they go into denial mode. That's what happened last year, Asia did hit the market hard in October, but then there was a groundswell of belief that it didn't matter much.'

Earlier this year, he noted, Wall Street rose to record highs. The Dow industrials are now about 10 percent below their record of 9,337.97 points, set July 17, but Mr. Yardeni predicted they could show a 30 percentage

point drop before recovering.

"The Asian disaster is still very much with us, there is no prospec that it is going to go away," he said. This means corporate earnings in America are likely to rise just 2 percent this year, far below hopedfor gains of up to 10 percent.

Investors who agree with Mr. Yardeni should join the flight to the bond market, where he sees further gains. The 30-year bond, he pre-dicted, would end this year at a 5 percent yield, 1999 at 4 percent and 2000 at 3 percent.

The outlook for low interestrates in a still-growing economy is one factor limiting the damage on Wall Street.

Metzler to Expand With Peterson

Bloomberg News

CHICAGO - Metzler Group Inc., a consultant to electric, gas and water utilities, agreed Friday to buy closely held Peterson Consulting for \$191 million in stock to expand its information-management services. The number of shares Chicago-

based Metzler will pay for Peterson depends on the average closing price of Metzler stock in the three days before the sale is completed. Peterson gives Metzler, which

more consulting expertise in information-management services, such as helping clients prepare computer databases, said Robert Maher, Metzler's chief executive officer. Mr. Maher said he expected Peterson, which has 18 of-fices in the United States and one in London, to have more than \$80 million in revenue this year and \$100 million next year.

He estimated the acquisition would increase Metzler's earnhad \$84 million in 1997 revenue, ings starting in the third quarter.

Yen Drops Collette Fine As Company Goes Under

Bloomberg News NEW YORK - The dollar rose strongly against the yen Friday on signs that Japan's banking crisis is deepening.

Concerns about banks mounted after Okura & Co., a Tokyo-based trading company with strong limbs to Fuji Bank, said it was seeking protection from creditors in whaf would be the third-largest Japanese bankruptcy this year.

"Problems in Japan are bringing down the yen," said Rick Zaudezer,

FOREIGN EXCHANGE

a currency trader at Friedberg Commodity Management. 'A large company was declared bankrupt, and there are still unresolved problems with bank debt."

The dollar was quoted at 4 P.M. at 144.775 yea, up from 143.125 year

on Thursday.

Meanwhile, concern dwindled that Japan would intervene in the market to support the yea, as a host of Japanese finance officials had threatened in recent days. The warns ings had knocked the dollar down

about 3 percent since Aug. 11.
They were very pointed in their intervention threats and they didn't come through," said Thomas Benfer of Bank of Montreal. "They cried wolf."

The yen was also hurt as the trottbled Long-Term Credit Bank of Japan said it would seek taxpayer money to help get its house in order before merging with Sumitomo Trust & Banking Co. Economists viewed the move as a sign the gove ernment would continue to protect ailing banks under the so-called convoy system, rather than take tougher measures, such as letting crippled banks fail.

The old convoy system is alive and well if they're going to put public funds into" LTCB, said Jay Bryson, an international economist at First Union in Charlotte, North Carolina. "It's a negative for the

Against other currencies, the dollar slipped to 1.7985 Deutsche marks from 1.7989 DM. It dropped to 6.0280 French francs from 6.0300, and to 1.5023 Swiss france from 1.5058 francs. The pound rose to \$1.6357 from \$1.6310.

Analysis said they did not expect the dollar to slide too far against the mark as long as Russia's economic troubles deepened. Geograpy is Rus-



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EUROPE

Swedes Find Bull Market for Jobs in Reindeer Country

By Warren Hoge

de de la companya de ARVIDSJAUR, Sweden There is a new item for sale these days in the display cases of woolen Laplander hats, elk skins and boldly colored wood carvings at the open-air market in Arvidsjam. Boosters of this town near the Arctic Circle hope it is a talisman of their future. lt is a computer mouse pad, made

from reindeer hide. In an effort to slow the flight of people from what is already one of the world's most sparsely settled * areas, the Swedish government is encouraging businesses to set up computerized telephone-call centers in remote villages like this one and to staff them with young people they find that even outlying who otherwise woold be scouting for work in the population centers to

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'Until now, as soon as they got an education, it was either Stockholm or abroad," said Barbro Medin-Leven, the regional development lanning director for Norbotten, Sweden's northernmost county. : A resident of Malmo on the south

epast calls for a plumber, a carpenter or a locksmith who may be a block away, and the transaction is handled percent by 2000. instantly here, 1,600 kilometers instantly here, 1,600 kilometers. David Hansson, 21, slipped off.

"I used to work as an admin-berries for dessert and eagerly took (1,000 miles) away. Someone in his headphone on a recent day and istrator in a sawmill that employed on the question of what's so great

1.5 percentage points on Friday, the

Norges Bank raised the deposit

put pressure on the krone.

Goteborg needs to go to Nigeria and then to Chile. The airline tickets and hotel reservations are made in this acknowledged that he would have followed all his friends out of here had it not been for the booking director of the Office of Trade and village, where Lapps still herd reindeer and live in 200-year-old log

Sykes, a large call-service agency based in Tampa, Florida, has opened its customer support center for Scandinavia in the small northern community of Sveg, and in nearby Ljusdal, DHL, the international

air courier company, has placed its huh serving eight European The companies benefit from special investment and operating subsidies that the government provides for enterprises

that locate in the north. And parts of Sweden have a supply of and you want something better than educated, keyboard-literate young that," Mr. Hansson said. educated, keyboard-literate young people with the Swedes' noted ability to function comfortably in sev-

eral languages. Swedes and telephones have a cozy relationship. Sweden has the highest number of lines per person —70 for every 100 inhabitants—of Forestry is the area's traditional any country. Forty-four percent of Swedes have mobile phones, and that number is expected to rise to 60

The increase follows repeated

pushed crude oil prices to near 10-

The krone has fallen about 8 per-

John Butler, an analyst at WestLB rate," Kjell Storvik, governor of this year, fueled by oil and gas ac-

after Saudi Arabia.

OSLO — Norway's central bank be forthcoming, especially if oil prices should fall further."

lowest level in nearly six years on same time, a global supply glut has

Low oil prices and concern that year lows, hurting oil producers fiscal policy would not be tight such as Norway, which is the

enough to cool the economy have world's second-largest oil exporter

rate to 7.0 percent from 5.5 percent cent against the Deutsche mark

Norwegian Central Bank Raises Interest Rates

sixth increase this year, to shore up warnings from the central bank that the krone to support the currency, the difference of the krone after the currency fell to its the economy may overheat. At the Mr. Storvik said, adding that it has krone has been burt by higher-than-

and the overnight lending rate to 9.0. since the start of October. On the part of percent, the highest day, the knone recovered, with the since March 1993. Before Friday, mark falling to 4.2991 knone from the bank raised rates by a total of 2 4.3211 knone on Thursday.

"I believe this rate increase will ment will have to compromise either ment will have to compromise either."

tions this year.

had it not been for the booking agent's job he landed at Nyman & Schultz, Sweden's largest travel service. As he spoke, Asa Lidstrom, 28, handled a call next to him from a Stockholmer who needed flight con-

nections to Cincinnati. "Before, the best thing you could hope for was a job in a supermarket,

I am in the business of marketing the cold, the darkness, the snow and solitude,' said one promoter.

There are only 2.4 people per square kilometer up here compared with an average of 21 per square kilometer in all of Sweden and 144

business, but with the closing of outdated plants and the mechanization of others, the number of jobs has declined drastically.

currency, and additional rises may level after this increase will cause so same time, unemployment is ex-

The bank has not stopped buying

With the krone still weaker than

creases may come, analysts said.

much damage on the economy that it can't be defended over time."

pected to continue falling, putting pressure on employers to raise

not been using large-scale interven- expected wage increases of nearly 6

the bank's target, more rate in- able to garner enough support in

"It's too early to say if the hikes will be enough," said Oystein Stephansen, the head of research at S-E- Banken in Oslo, "but it looks aims to tighten the 1999 budget, due

percent next year from 3.5 percent ment will have to compromise either

Industry in Arvidsjaur. "Now the figures have switched completely. They cut 60,000 cubic meters, and there are only 20 employees.' Arvidsjaur is not an easy sell. The town's 5,000 inhabitants have to

endure winters with temperatures as low as 30 degrees Fahrenheit (minus 34.5 Celsius) below zero, six feet of snow on the ground and no sun in the sky for all but four hours of the day. Ms. Andersson, a native of an even smaller nearby village called Akkavare, is undannted, though. "I am in the business of marketing the cold, the dark-

ness, the snow and solimde," she said cheerfully.

She bas compiled a register of men and women who fled for the south, and she is determined to woo some of them back. "They're my target audience," she said. "It is dark and cold, and you have to be

Ms. Andersson cultivates Nordic moxie. She offered a visitor a lunch of air-dried reindeer meat, local aimond potatoes and golden cloud-

pressure on employers to raise

ercent this year, as well as concern

the minority government will not be

Parliament to cut government spend-

wages to attract workers.

brought up here to be comfortable

"Well, for one thing, it makes you appreciate how good it is to step into a warm house," she said. "Also, you see how closely we all live together. You're not alone the way you are in a large city. All the children here are everybody's chil-

She went on to explain that it is actually not darker here than in the south because all that snow reflects the light. It is also a lot easier to get across town. 'I have a sister who lives in Stockholm, and she can never make it home in time to get to a store that closes at 7:30," she said.

Arvidsjaur does its best to take dvantage of its frigid winters. It put a nine-hole golf course on two frozen lakes and supplies colored balls and heavy-duty gloves to players. It has also created a booming local industry in winter testing facilities for automobiles, using the frozen lakes and large expanses to simulate hazardous driving condi-

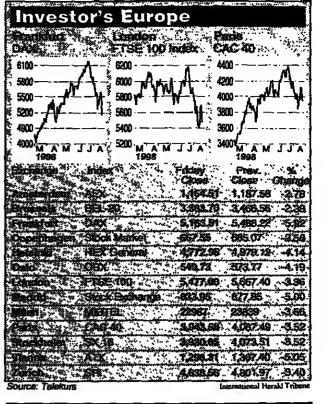
Nearly 50 companies send vehicles and test drivers here. "What they need is the extreme cold, and we can guarantee that," said Mats Lundberg, 34, an Arvidsjaur man who was lured back home by a job in the business

Germund Nilsson, area manager of Nyman & Schultz, said there were many advantages to doing business in Arvidsjaur. "It's cheaper to hire people up here, and they're more loyal because they're not easily going to cross the street and find another job," he said. 'It's not just being socially conscious,' he ad-ded, rubbing invisible cash between his thumb and forefinger. 'It's this

Inga-Lill Gustafsson, the reservations manager for Hertz, said callers liked hearing the broad northern accents of her booking agents. "We're not like all those stressed-out people in Stockholm,' she said. "They think we sound

honest and dependable." Asked about this, Ms. Lidstrom, of Nyman & Schultz, said, "People just laugh and say, 'Oh, you sound so nice.' Then they want to know if we really have polar bears walking around our streets."

A thought that knows no geography came to her and she smiled.



Very briefly:

 Hoechst AG denied a charge made in a U.S. lawsnit that it tried to fix prices of its best-selling heart drug, Cardizem CD, but the German pharmaceutical company said it had an agreement with Andrx Corp., a.maker of a rival product, pending the resolution of a patent-infringement lawsuit.

• De Beers/Centenary AG, the world's largest diamond producer and seller, plans to renew its agreement to buy diamonds from RAO Alrosa, a Russian diamond miner, for at east three years.

• LM Ericsson AB of Sweden has bought property in central London for 1 billion kronor (\$123 million) and plans to move part of its British operations there. The move revived speculation that it could move its headquarters abroad because of a

singgish business climate in Sweden. • Thomson Travel Group PLC, Britain's top package-tour operator, has bought Crystal International Travel Group Ltd. for £66.2 million (\$107.7 million) as it seeks to develop

its specialist tour businesses in Britain. Rabobank Nederland NV's first-half profit rose 16.3 percent to 1.16 billion guilders (\$571.8 million) as the largest cooperative Dutch bank was helped by low interest rates and

 Dutch retail sales rose 5 percent in June from a year earlier, with more confident consumers spending more on computers and other electronics amid falling unemployment.

·Sita SA, Europe's largest waste services company, said second-quarter sales rose 79.4 percent to 4.81 billion French francs (\$799 million) from a year ago, bolstered by last year's acquisition of the French business of Waste Management Inc. as well as the European and Asian operations of Brown-Ferris Industries Inc.

I John Builer, an analyst at West LB rate," Kjell Storvik, governor of this year, nuclear by on and gas according to the tivities and consumer spending, or with the phone of this bold inflation is set to rise to 3.0 rightist parties that oppose tax inhappy that someone answers the phone." High Low Close Prov. WORLD STOCK MARKETS 6715 6/00 6/00 6/725 10/00 6/725 10/00 10/200 10/205 10/00 6/725 1 Friday, Aug. 21 Dolly prices in local currencies. High Lour Class Prest Toronto Market Closed DAX:516351 Frankfurt The stock market in Tel Aviv is closed on Fridays. Johannesburg All Mothet #28.15 Montreal 27.50 Routers Group Rooters From P RO Trans P ROMAC Group Rooters From P Rober Royce Royce Bk Scor All Sorters From P F 534037245532359 175745549 175745549 1757454 BCE Mob Com Blochem Phoras Can Ulfi A. 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ASIA/PACIFIC

GM Decides Not to Bid for Kia, Leaving Race to Ford

SEOUL — General Motors Corp. decided Friday not to bid for the insolvent South Korean automaker Kia Motors Corp., reversing an earlier decision to enter the race. Friday was the deadline to submit bids for the collapsed automaker, and Ford Motor Co. and three Korean companies made offers, said Banque Nationale de Paris, the ad-

viser to the government auction. But GM pulled out at the last minute after concluding that Kia and its affiliate, Asia Motors Co. Inc., also part of the sale package.
"would not be compatible with our strategic needs," said Alan Perriton, president of GM Korea.

GM said in July that it would bid. Its reversal leaves Ford as the most likely buyer of the 51 percent controlling stake in Kia. The three domestic bidders — Hyundai Motor Co., Daewoo Motor Co., and Samsung Motors Inc. — have seen sales collapse amid the country's worst recession since the 1950s, and they aims to cut production to a level 20 could bave trouble raising funds.

The government said it will pick a winner by Sept. 1, based not only on price but also on job preservation and business strategy considerations.

Kia remains under court receivership after filing for bankruptcy protection in July 1997. Its creditor banks have promised to write off nearly half of Kia's \$6.7 billion debt to make the company more attractive. Kia has \$5.9 billioo in assets.

The automaker's troubles have shaken investors' confidence in South Korea. Seoul called in the International Monetary Fund in December to organize a record \$58 illion bailout for its economy. The

Ford already owns 16.9 percent of tapped. (AP, Bloomberg)

Japanese Trader Goes Bankrupt

TOKYO — Okura & Co., a trading company with strong links to Fuji Bank Ltd., said Friday that it had sought protection from creditors, becoming Japan's third-largest bankruptcy this year and the latest casualty of the country's deepening recession.

Okura, the third-largest of the four publicly traded company to fail this year, said it had 288.3 billion yen (\$1.99 billion) in liabilities as of March. The company, which trades machinery, steel and other commodities, said its liabilities exceeded its assets by 6.9 billion yen, and it holds 98 billion yen in bad assets.

Okura blamed its failure on the seven-year slide in property prices,

the weak economy and a shortage and "one or two other main of funds. The company's collapse comes after six straight years of annual losses and is another sign that Japanese banks are no longer able or willing to extend easy credit to their clients. Struggling under 77 trillion yen in risky and bad ioans, banks are cutting off companies with limited futures and tight-

Banks are setting aside more money for future failures, and they're even more cautious with doling ont new loans," said Nozomn Kunishige of Lehman Brothers Japan Inc. "If all the banks start doing that, we're in for a really serious situation." Okura said its main bank, Fuji,

ening requirements for loans to

lenders" did not call in their loans until the very end. Yet the 125-year-old trading company said it filed for bank-

ruptcy after almost every one of its other 60 creditors withdrew sup-The company also lost its trading credits and could not find buyers for oew shares it hoped to issue

— the closer you get to the summit, the steeper it gets," the president of Okura, Yoshihiko Okura, said. Okura's shares were suspended from trading on the Tokyo Stock Exchange. The shares finished Thursday at 65 yen, up 12.

money is like climbing a mountain

"Finding people to lend you

Top 3 Producers Pull Out of Rubber Cartel

SINGAPORE — The world's top three rubber producers — Thatland, Indonesia and Malaysia - said Fri-

percent below world demand. The three countries, which produce 80 percent of all oatural rubber, are angered by a lack of action by the existing group, known as INRO, to stem a 30 percent slide in rubber prices over the past year. The countries said they would withdraw all

their funds from the cartel, depleting its intervention reserves and leaving it largely ineffective. The withdrawal of the three

countries will put into question the existence of INRO," said Gerard Loyen, deputy executive director of the organization, which is based in Kuala Lumpur.

Rubber prices have fallen as industrial production in Asia has slumped, pulling down demand for cars and tires.

With supplies still outstripping demand, Mr. Loyen said, prices "may continue to slip."

Bringing Tea to China: Coke Will Try

bringing tea to China: The American soft-drinks giant water,

said Friday that it planned to inmove to sell Kia is part of the gov- troduce canned tea in China. It de- sweetened and unsweetened - will pre-made variety as virtually un- Shanghai and Hangzhoo.

homegrown product — tea leaves SHANGHAI -- Coca-Cola Co. is from the Fujian Province in China - and brew the tea with mineral

ernment's effort to restructure under scribed the Chinese market for a be introduced in the eastern cities of The drink will cost 2.5 yuan (30

Two versions of the beverage -

Coca-Cola will begin with a cents) to 3.5 yuan.

The cartel did buy rubber on the market over the past two weeks, but those purchases did little to support prices. It bought about 30,000 metric tons of natural rubber last week. spending as much as 100 million ringgit (\$24.1 million), traders said. The organization would not confirm

those purchases. No matter bow much they are buying, "there is still too much rubber in the market," said Kang Liat Bin, a Singapore-based marketing manager with Sahabat Co., a subsidiary of PT Kirana Megatara, a privately beld company that is one of the largest rubber producers in

The withdrawal of funds from the organization amounts to 200 million baht (\$4.8 million) for Thailand and 29 million ringgit for Malaysia. The figure for Indonesia was not immediately available.

The three countries setting up the new group plan to include Singapore. said Lim Keng Yaik, the primary industries minister of Malaysia. The International Natural Rubber

Organization groups 18 importing and six exporting countries.

Jakarta Halts **Activities of 3 Ailing Banks**

JAKARTA — The Indonesian

overnment said Friday it was freezing the operations of three ailing banks and taking over four other institutions in a restructuring of the ailing financial sector.

The government froze operations of PT Bank Dagang Nasional Indonesia, PT Bank Modern, and PT Bank Umum Nasional, Finance Minister Bambang Subianto said. He said four other private banks -PT Bank Central Asia, PT Bank Danamon, PT Bank PDFCI and PT

Bank Tiara — would be taken over. The government also warned owners of the banks, who include the nation's most powerful business families, that it would seek to seize their assets through the criminal and commercial courts to pay their banks' debts if necessary.

The government has pumped 135 trillion rupiah (\$11.37 billion) into troubled banks since the collapse of the rupiah in July 1997.

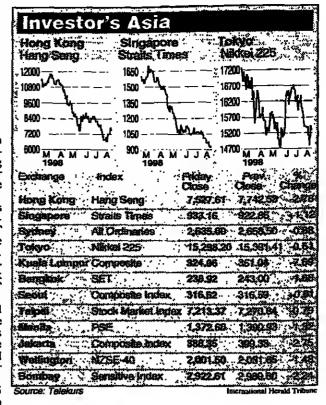
All seven banks have been under the management of the Indonesian Bank Restructuring Agency following serious liquidity problems.

Mr. Subianto also announced that seven banks that had their operations suspended in April would be liquidated. They were Bank Subentra, PT Bank Surya, PT Bank Pelita, Bank Kredit Asia, Centris International Bank, Deka Bank and Hokindo Bank.

About 300 Indonesians gathered in front of the central bank to protest the steps.

"The trillions pumped into the banks, that's our money," Bursah Zarnubi, the organizer of the protest, "Because all this money has been funneled into these banks, prices are rising and the basic needs of the people can't be met anymore."

About 200 troops and police officers kept an eye on the crowd. The protesters later marched toward police beadquarters in South Jakarta. chanting, 'Bank Indonesia, a den of (AFP, Bloomberg)



Very briefly:

• San Miguel Corp., the largest food and beverage conglomerate in the Philippines, is selling its 45 percent stake in a dairy joint venture, Nestle Philippines Inc., to its partner, Nestle SA of Switzerland, for about 30 billion pesos (\$704.7

• Japan Telecom Co., Nissan Motor Co. and AirTouch Communications Inc. plan to form a joint venture in Japan to offer a new type of cellular phone service known as W-CDMA, or wide-band code division multiple access service, which allows users to send multimedia information such as graphics and motion pictures through cellular phooes.

 Moody's Investors Service Inc. has cut the credit ratings of four of Japan's largest fire and property insurers. Tokio Marine & Fire Insurance Co., Yasuda Fire & Marine Insurance Co., Mitsui Marine & Fire Insurance Co. and Sumitomo Marine & Fire Insurance Co. were cut from Aaa to either Aa1 or Aa2 because of declining premium income, a harsh investment climate and growing competitico with foreign companies.

· Valeo Co. and Hosbi Ito Co., two Japanese drug wholesalers based on the northern island of Hokkaido, plan to merge on equal terms in April.

 Dell Computer Corp, began direct sales of built-to-order computers in China, Xinhua news agency reported, quoting Mortoo Topfer, vice chairman of Dell, which has nine locations in major Chinese cities.

TELECOM: Major Firms Scramble to Maintain Global Alliances

Continued from Page 9

liance of Deutsche Telekom AG, France Telecom SA and U.S.-based Sprint Corp., results have fallen short of their original heady expectations, analysts coocur, even before the BT-AT&T part-

"There is disappointment on both sides, by Deutsche Telekom and France Telecom, over Global One," said Philip Springuel, industry analyst in Brussels at the OTR technology research insti-For those left in the old alliances, each defection disrupts the operation

and can damage perceptions that it can

deliver ever more sophisticated ser-

"Wheo one partner leaves the organization, they take their network with them," Mr. Neil said. "The remaining partners oced to find a replacement network and integrate that network. That means at best a sbort-term decrease in quality and at worst a long-term de-

90 Branches

94 Develop

100 Strict

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109 Lace part

117 Starch tree

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8 Whence the phrase "pass buck"

10 Neighbor of Syr.

11 Strikeout symbols, in baseball

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Beverly Hills?

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-8 Lawrence Welk

1 Crowning

14 Slope sight

18 Kind of case

19 Not ser

21 Dynamic beginning

22 "You don't have

to cook all night?

24 The Vamp

25 Angle shape

27 Celebrity

29 Guard

32 Noophus

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37 Bender

39 Target

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51 Jog

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35 Cobb and others

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52 Bridge section

56 Hurricane or

81 "Our Gang"

62 --- SIZO

65 Jester Jay

68 W.W. II field

69 Decision for newlyweds?

74 Troy taste

75 Highway

78 Some snares

80 Places for studs

61 Designati

84 Dune

87 Party

86 Actor Bet

"Air Force One

77 Fashion

66 Lots

80 Press one's suit

a bakery chef?

crease in quality."

Just as ominously, both AT&T and BT rank as veterans of the previous shakeouts among Europe's alliances. That means that this time around, the two giants are determined to avoid the flaws that plague older alliances, such as incompatibilities in networks and billing systems and confused "United" Nations-style" management among the parent-company operators, said Michael Armitage, London-based analyst

at Morgan Stanley Dean Witter. Even after Global One invested over \$900 million in its network, analysts question the "seamlessness" of its connections. Reports of patchy service con-tinue to haunt Global One, mainly besuch alliances by their nature rely on scores of "distribution alliances" with oon-alliance carriers around the world that are occded to deliver the service into the 70 nations where Global

"I would never say we are as seamless as we can be," said Boh Givens, 500 biggest multinationals.

t4 Checks

15 What maligned

would like to

17 Laughs loudly

26 Narrow margin

38 Turkish leader

31 Some parties

33 1984-88 Olympic sketting champ

40 Plaint at a door

42 French film

44 Spicy cuisine

46 Expiate

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123 "Star Trek: D.S.9" charac

115 Facts and

45 It's not up to par

16 Collection

18 Cattle feed

its 23 Spitz stroke

29 Stooge

28 Gordon or Ginsburg

WARNING: CONGESTION! By Nelson Hardy

Global One's general manager for Europe. "That just would oot be true. But I think we are the most seamless international alliance today."

AT&T and BT pose "quite a teaming up of giants," Mr. Givens agreed. They will be a substantial competitor to us in two and a half years, but we have

a head start on them," he said. The executive declined to discuss Global One's profit-and-loss account. But analysts said Global One cannot expect a profit until at least 2000 after missing its break-even target for 1998. Competition has grown so fierce that prices are under heavy pressure, forcing Global One last year to cut 7 percent of its staff in a cost-shaving restructuring.

Brussels-based Global One, conceived four years ago in high hopes of creating a high-powered combination destined for market dominance, reported 1997 sales of \$1.1 billion, only a modest chunk of the estimated \$20 billion spent collectively last year by the

O New York Times/Edited by Will Shortz.

Solution to Puzzle of Aug. 15-16

Hong Kong Stocks Fall as Intervention Ends

By Mark Landler New York Times Service

HONG KONG - After a weeklong buying binge to prop up its slumping stock market, the Hong Kong government let the free market take over Friday, and the Hang Seng

index promptly dropped.

To critics of the government, the abrupt reversal is proof that its decision to intervene last Friday was wrong-headed — a temporary victory that will cost Hong Kong its reputation as a free-market bastioo in a regioo where governments do oot hesitate to manipulate their markets.

represents a tactical pause in the gov-

ernment's campaign against speculators. They point out that since the Hoog Kong Monetary Authority began buying stocks last Friday, the

Hang Seng index jumped 16 percent, before the decline Friday. Both sides agree that Hong Kong curbed its purchases of shares and futures contracts, and may even have sold some shares. As a result, the Hang Seng index declined 214.92 points, or

2.8 percent, to 7.523.61.

"Our clear message to investors is: Lock in your gains and get out," said Adrian Faure, the head of China and Hong Kong Research at Merrill Lynch nanipulate their markets. & Co. in Hoog Kong, "This market is artificially inflated."

Mr. Faure estimated that the gov- tion," he added.

ernment spent between \$640 millioo and \$770 million of its foreign reserves to buy shares of blue-chip companies. That is less than I percent of the estimated \$100 billion Hong Kong has in reserves, but some analysts said it was still money that could have been better spent elsewhere.

Hong Koog officials said the purchases were a oecessary response to hedge funds that were manipulating the territory's financial markets. 'We are oot out there to support the stock market at a certain level,' Tung

Chee-hwa, the chief executive of Hong Kong, said Thursday. "It is a very defensive effort tar-gered specifically at this particular ac-

QUESTAR: In Bid to Be Dominant, Gene Firm Faces Inquiry

Continued from Page 9

'That's just oot the way fi-

nance works. Questar shares soared from 65 cents to \$5.50 in the two weeks before the offer was announced. The SEC, as part of its inquiry into trading in Questar stock, has asked for a copy of the company's shareholder list, and Questar has complied,

Mr. Washburn said. Questar executives said the Japanese offer makes sense. "I'm very popular in Ja-pan," said Mr. Mullis, who won the \$385,000 Japan prize, an award sponsored by a busi-

ness group, in 1993 — the same year he woo the Nobel. Mr. Wasbburn said he was introduced to Pax International by a film producer he encountered by chance in a lounge at the Marriott Hotel near Los Angeles International Airport. He added that he met Pax's president, Tetsuo Kobayashi, 43, in Tokyo in

early June.

It was during that visit, Mr. Washburn said, that Pax first discussed making a bid for Questar shares. Mr. Kobayashi told him, Mr. Washburn added, that Pax had assets of more than \$4 billion. That was a far cry from the 110 million yen (\$769,000) in

a corporate research firm.

They think they can generate \$9 billion of business in Japan and Taiwan," Mr. Washburn said.

The offer is contingent on Questar beginning to file re-ports with the SEC, something it has never done. Mr. Washburn said the company's books were oow undergoing their first sudit by independent accountants, an SEC requirement for it to be-

come a reporting company.

Mr. Kobayashi declined to comment for this story.
Questar, meanwhile, is in

the process of changing its name to DNA Medical Technologies Inc. At the center of the company is Mr. Mullis, an unorthodox scientist who spends much of his time these days surfing in the Pacific Ocean, just across the street from his apartment, north of San Diego.

Mullis won the Nobel prize for chemistry for work he did in the 1980s. He invented a new way to reproduce DNA fragments, while he was employed at Cetus Corp., a biotechnology company that developed anti-cancer drugs.

Mr. Mullis said that Cetus

million yen (\$769,000) in only gave him a \$10,000 bo-total net assets that the Jap-nus for the prize-winning anese company held as of breakthrough. The company

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Herald Eribung

THE WORLD'S DAILY NEWSPAPER

March, according to an es-timate by Teikoku Databank, Mullis's discovery for \$300 pany — are a series of million to Hoffman-La Roche, a Swiss pharmaceutical company now called

Roche Holdings AG. "Why couldn't they have sold the patent for \$301 million and given \$1 million to the guy wbo invented it?" he

Added to the oumerous challenges Questar faces --an SEC inquiry, a slumping stock price, and a question-

able bid from a seemingly un-

fundamental questions: Will people pay \$515, or any price, to deep-freeze their

If so, will they entrust them to Questar, a company with few tangible assets? Then, if this business does catch on, what's to prevent a well-established health-care company from copying Questar's idea? To that last question, Mr. Washburn answered bluntly:

"Absolutely nothing."

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n-Line

Risk: Is It the Ups and Downs That Count, or Just the Downs?

By Conrad de Aenile

UCCESSFUL investing de-pends upon weighing the risks and expected returns of various alternatives, yet many investors fixate on returns and give little thought to the risk inherent in achieving them.

This is understandable, for risk is the

harder of the two to fathom. Risk reflects possible outcomes of future events determined by forces that are often unknown or unquantifiable. It is the reason that virtually any course of action by an investor has an expected return, not a definite return. Because it concerns what might be, risk cannot be studied directly but only inferred, like an eclipse glimpsed as a shadow cast against a wall

Academics often equate risk in investments with price volatility. They will typically look at monthly prices for instruments such as stocks, bonds or mutual funds, then calculate how much those movements vary around the average. The investment with the greatest variation is the most volatile and so is judged to have the highest risk.
Such a notion is limited because the

average return around which volatility is measured is almost beside the point To real investors, of course, returns are virtually the whole point. To them, risk means the risk of loss, cither absolutely or against a

"Volatility is simply one measure one might use for risk," said Elroy Dimson, a professor of finance at the London below some critical level.

The critical level could be zero breaking even --- or else a return equaling the rate of inflation. For pensionfund administrators and insurers. Mr. Dimson said, risk means the chance of generating returns that are lower than liabilities to retirees or claimants.

more useful to define risk in various ways relating to the potential loss in an investment's value implied by past vol-atility. For instance, if a stock index suffers a loss from its annual peak to its annual trough of 20 percent once every four years, investors have a rough idea. of how much they stand to lose if they are unfortunate enough to buy when the

market is at a top.

Jerry Harris, a principal at Welton
Investment Corp., a small California money manager, said that in addition to the depth and oumber of declines, the time it takes to recover the loss is a key measure of risk to investors.

Performance records "with a minimal oumber of brief, smaller losing periods will generally be perceived, considered and accepted as being less risky than records characterized by frequent, extended periods of negative performance," regardless of overall returns, he wrote in a oewsletter of the ing pooled investments is safer than Alternative Investment Management

Consistency helps, but Douglas Johnson, global asset-allocation adviser at Merrill Lynch Asset Management, warned that "if you don't think about United States, which "by any standard is perhaps more overvalued than any market in the world or by the standards the case for months, and investors market for most of the past three years. ies as it is to have a 100 percent al-location. Investors need to find a bal-

ance they're comfortable with."

Mr. Johnson was berraying his belief that market movements are not random. Circumstances like overvaluation make markets accident-prone. Many students of risk are agnostic on whether there is a relationship between past and future re-turns. They merely forecast volatility from past volatility.

Individual investors tend to be atheists; they believe that overvalued markets hold no risk and that beaten-down

recently ignored the event risk that Mr. Johnson perceives in American stocks, while shun-Business School. "Risk ought to be though some scientific measures sug-regarded as shortfall risk, performance gest that they are still dangerous (Page gest that they are still dangerous (Page

Fund managers eager to hold on to their clients' money encourage them to ignore timing and stay fully invested. They point out that the longer an investment is held, the less likely it is to suffer a loss of principal. Equities are more volatile than other mainstream in-Rather than considering volatility in a vestments over a given period but are vacuum, Merrill Lynch & Co. finds it usually the most profitable over the long

> Because the possibility of loss diminishes with time, financial planners tend to increase the allocation of equities in portfolios of clients that do oot. expect to need their money for years, while keeping more cash and bonds for.

The question that Evelyn Morgner, a specialist in investment planning at the consultancy KPMG, asks when creating portfolios is: "Is short-term loss of principal the most key element, or is it longterm purchasing-power erosion, or is it opportunity cost?" (The last is being in investments that make money and beat inflation, but that do worse than other investments.) "If they're trying to amass a corpus of wealth over 10 or 20 years, then they can afford to take more equity risk."

Time is one of the great mitigaters of risk; the other is diversification. Ownowning individual securities, Ms. Mor-

Association. "This becomes even more important in the context of investor time horizons. The consistent track record is far less susceptible to market-cycle timing considerations and consec

event risk, you can run into trouble."
One market that troubles him is the of its own history." Yet that has been would have lost out by not being in the "It is as risky," Mr. Johnson said, "to have a zero percent allocation to equit-

markets are the riskiest. That is why valuation extremes occur and why investors have until

ning Asian markets that are one-tenth their former prices, al-

clients with shorter time horizons.

An On-Line Account That's All Fun and Games

Momentum. The easiest plays for short-term in-

vestors are momentum buys — you purchase a hot stock that has been rising and sell it at the first sign that the move is over. This activity is similar to

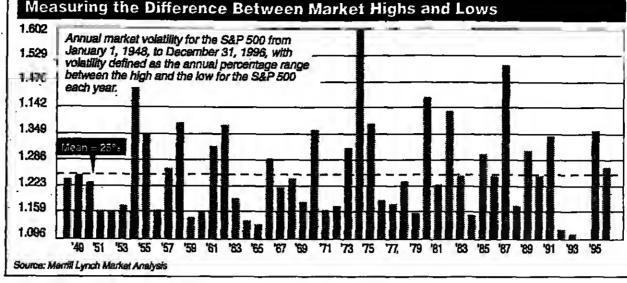
jumping onto a moving train and approximately as

To find out what's hot, simply check the list of new

highs that appears each weekday in The Wall Street

dangerous - but that's what an FGA is all about.

That would seem to make European



gner said. Spreading money among different asset classes, mainly stocks and bonds, and in diverse regions and cur-

rencies is also prodent.

Some mixes of assets are better than others: studies have found that adding small amounts of investments whose performance is minimally correlated with the rest of a portfolio, soch as real estate or emerging-market stocks, can substantially reduce volatility with little effect on performance.

VEN if investors can afford to increase the risk they are taking, they may not like it or be prepared for it. This is why risk matters, even to investors who intend to hold for the long term. The most elegant argument for building more risk and reward potential into a portfolio is useless "if people are risk-averse and they don't want to know," Harry Katz. a financial adviser at Norwest Consultants in Manchester, England, remarked. "They've got to be relaxed. An adviser can explain risk and volatility, but at the end of the day, the guy who writes the check out has to sleep at night."

Risk also matters when comparing the merits of different investments. Some mathematical devices, such as the Sharpe ratto, use past returns and Volatility to calculate a tisk-adjusted re-

-Another mathematical contrivance, the implied equity risk premium, is used to compare the prospects of stocks and bonds by calculating the extra return that investors demand for holding stocks -that is, how much riskier they are perceived to be than bonds, and, by inference, how undervalued or overvalued they are. This is typically done by adding the market's dividend yield to projections for animal earnings growth for several years, then subtracting the yield on the government bond used as the benchmark for a particular country. A higher risk premium is thought to signify a more reasonably valued market.

stock markets, many of which have doobled in the last three years, an even better bet than bonds than they were before the markets advanced. Mark Howdle, a strategist in Londou for Sa-

lomon Smith Barney Inc., cootended.
Because bond yields have fallen so far during that period, risk premiums have actually widened to between 3 percent and 4 percent for such markets as Germany, France and Spain from less than 3 percent. In fact, because yields on Spanish bonds were so high, the risk premium on its stock market had been about zero.

So European equities are underval-ued — if forecasts of earnings and bond yields are correct. Those are two hig ifs. Even if the assumptions oo which it is calculated prove true, the risk premium can be a problematic tool. Its correct level - how much greater should remrns be to make it worthwhile buying stocks rather than bonds - is open to interpretation.

Figuring it correctly is critical because a small change in the risk premium could make a huge difference in valuations. Byron Wien, chief investment strategist at Morgan Stanley Dean Witter & Co., said recently that he found the Standard & Poor's 500 index of U.S. blue-chip stocks to be 17 percent overvalued using a.2 percent risk premium. Cutting the premium to zero would make the index

e percent undervalued. Mr. Howdle said that at the current risk premiums, most large European markets should fall 5 percent to 21 percent in the next year, based on Salomoo's assumptions on interest rates and carnings. Using the "mega-optimistic case" of a 1 percent risk premium, the markets should double or triple in the oext year.

"It seems universally accepted that equities should provide a risk premium over bonds," Mr. Howdle said, "but without much analysis of what risks the equity investor needs to be com-

Continued on Page 17

Guaranteed Funds Provide Equivalent of 'Free Lunch'

By Conrad de Aenlle

■ HE INVESTMENT equivalent of a free lunch is to achieve the stock market's performance without risk. Funds promising to do this have become prominent features on the meaus of many management companies and are aimed at investors who have avoided the stock market because they find volatility unpalatable.

Guaranteed funds, as the genre is known, typically offer to pay 100 percent of the gain of a benchmark stock index. sometimes more, over the course of four to seven years, with investors promised their money back if the index falls. A requirement of the funds is that investors hold out for the full term in order to be assured of a return of capital.

These funds are heavily marketed in Britain, where they must be packaged as insurance instruments to appease regulators, and in Continental Europe, especially France and Spain. They are oot allowed in the United States.

"In the last two years, we've seen more of these products put together," said Ian Millward, investment marketing manager at Chase de Vere Investments, a British firm of financial advisers.

Even though investors know the stock market generally offers the best returns, many keep their money in the bank, he said, "because they're more concerned about security. They don't want to take risks. These combine the two.

"They do have their place. If there's somebody who's sitting on far too much cash and they're nervous, they should consider it for part of it, but it's not a dream investment.

Guaranteed funds are so in vogue now, Mr. Millward said, that "if you put two investments alongside each other, one with a guarantee would sell better, even if it were the inferior investment. You have to be careful; there are some that are very good but some that are real dogs."

David Kauders, a partner in Kauders Portfolio Management in southwest England, finds little to recommend in guaranteed funds. "I haven't seen one where we could understand the risks," he said. "They are based on cosy assumptions and complacency and are sold to people who don't understand risk."

He was alluding to the fact that loss of capital is not the only risk investors face: Managers use derivative instruments, such as stock-index options, to provide the quarantee, and they have to pay for them out of the money in the funds.

That leaves investors facing either lower returns than could be obtained through conventional equity funds in a rising market or, if the worst happens and the original capital is returned years later, an erosiou in purchasing power of their investments as inflation bites.

NE of Mr. Kauders' complaints is that the cost of providing a guarantee is often high, difficult to calculate and not adequately explained: "They basically duck and say, 'We've bought this wonderful derivatives package."

Mr. Millward said that the guarantee typically costs from 10 percent to 14 percent of a fund's assets. Lately, though, market conditions have made guarantees more difficult to pay for.

One fund that aims to protect capital does not use derivatives to guarantee against loss. Denis Severis, a portfolio manager in France, operates an offshore fund for wealthy clients (minimum investment \$250,000) that invests in other funds, typically about 20, with a diverse range of investment objectives. The funds are chosen by the risk-adjusted

return of each manager.

The goal of the Absolute Return Management Fund is to return twice the prevailing rate on U.S. Treasury bills without having a losing mooth.

But as the fund does not use derivatives or anything else to protect capital, the goal remains just that: an intention, oot a guarantee.

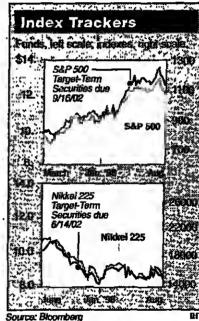
The fund, begun 31 months ago, has gained 11.6 percent per year, more than twice the T-bill return, on very low volatility, which gives it a high risk-adjusted return, Mr. Severis said, but it has had two losing mouths.

An advantage of such a fund for in-

vestors who do not require total capital protection is that an investment need not be held for a fixed period; shares can be redeemed monthly. A drawback is that the fund is very expensive to operate. In addition to the fees of the component funds, there is a 1.2 percent annual management charge plus a performance fee equal to 10 perceut of the annual

The guarantee of a cooventional capital-protected fuod typically costs between 10 percent and 14 percent of a fund's assets, Mr. Millward said. Lately, though, market cooditions have made guarantees more difficult to pay for.

With interest rates low and share prices high, the income from bonds and dividends often used to fund guarantees has diminished. At the same time, mar-



ket volatility, a central component in the pricing of options, has increased, making them expensive. It is logical, if inconvenient, that in circumstances in which market risk is reckoned to be most acute - high volatility and high valuations - the cost of protecting against that risk is greatest.

A cheaper, more liquid form of capital-protected investment trades on American exchanges. Known by such acronyms as MITTS and PERQS, they are usually issued at \$10 apiece and promise to return that sum in several years, plus an amount reflecting the iocrease in a broad stock index or one based ou a particular industry.

The securities trade continually, as stocks do, and although underwriters collect a fee when securities are issued, once they begin trading there are no costs akin to a fund's sales charge. Participants in the market are likely to ensure that pricing remains keen and reflects the true value of the securities based on prevailing interest rates, vol-atility and the index being tracked, said Greg Siegel, an analyst at Fitch IBCA.
The drawback is that most of the indexes they follow have risen since their issue, so they are trading above the \$10 that is guaranteed. Exceptions are

two securities targeting Japan. Some newer guaranteed funds cope with the high cost of capital protection by having louger lives, and so more income to fund the guarantee, or else they can the gain on the indexes they follow, Mr. Millward said. Other funds do not fully protect capital but promise to limit losses in a given period.

A range of funds offered by a London firm, Close Fund Management, for instance, put a floor on losses of 5 percent a quarter in an attempt not to eliminate all risk hot to avoid the sorts of disastrous losses that have been experienced in Asian markets.

"In equity investing there's the po-teutial to lose a lot of money," said Marc Gordon, Close's managing director. "Timing is important. If you get it wrong, it may take a long time for recovery. What our funds are trying to do is achieve strong returns and let investors sleep at night." But losses can mount quickly in a

sustained bear market, even with a 5

Continued on Page 17

Journal: Lately, it's been a short list: just 44 stocks Thursday on the New York and NASDAQ exchanges (compared with 460 oew lows). Among the hottest of the hot is Dell Computer Corp. (symbol: DELL), which, appropriately enough, sells custom-packaged computers on-line, with remarkably efficient service and low prices.

N-LINE trading makes buying and selling stocks easy, fast and cheap. Is that a good thing? Not entirely. The way to make money in stocks is to buy them and hold them for a long time. In theory, you can do your buying and holding electronically, but, in practice, the Internet imakes the temptation to trade — i.e., own stocks for a short time only - practically irresistible. And, as two finance professors from the Uni-

versity of California recently concluded, "trading is hazardous to your wealth." In a recent breakthrough study, Brad Barber and Terrance Odean examined the discount brokerage accounts of 64,715 investors and found that those who did the least trading earned returns that were 75 percent higher than those who did the most.

But this won't be another buy-and-hold there's a legitimate place for fast-paced trading, electronic or otherwise, in what 1 call a Fun and Games Account (FGA), a pot of money for playing the market, as opposed to investing for a long-term goal like retirement.

Here are the FGA's characteristics: • It must be small, representing no more than 10 percent of the total funds you're committing to

• It must be completely walled off from your main investment account. Keep your FGA with an on-line broker, for example, and your long-term investment

account elsewhere. • All taxes associated with the FGA must be paid from that account alone.

 It has to be funded with money you can afford to lose. Write a check or transfer the money electronically, and assume that the whole thing is gone. In fact, it soon may be.

• It should serve two purposes: as a way to have

Trading stocks is a diversion that should not be fun and a way to learn. confused with actual investing. The reason is that trading is based on a faulty premise: that you can figure out which way stocks will move in the short term. No one can, but nearly everyone needs to go through the personal experience of discovering this lesson of fallibility.

So trade to your heart's content in your PGA. At the end of a year - if your money holds out compare your after-tax performance with your in-

vestment account and with the broad market. There are three reasons it is unlikely your FGA will win; 1) trading, even at \$7.95 a pop, cuts into profits; 2) taxes on short-term gains are steep, and 3) many amateur traders sell and buy at the wrong time,

as fear and greed overwhelm logic. Here are some intriguing alternatives for an FGA night now:

sermonette. On the contrary. I believe JAMESK. GLASSMAN ON INVESTING

If you had bought 1,000 shares of Dell in 1993 at \$19.50 each (total: \$19.500), you would on Aug. 20, after splits, have owned 16,000 shares at \$120.50 each (total: \$1,928,000). In other words, Dell is up by

a factor of 100 in five years. But, more important for momentum traders, it's zooming right oow, rising by \$16.50 in the first four days of last week. And Wall Street loves the stock: Bloomberg News reports that 21 analysts recommend it as a "buy" or "strong buy," 12 call it a "hold," and only one says Dell is a "sell." By the way, Dell trades at a price-to-earnings (P/E) ratio of

Also recently hitting a new high is Xircom, Inc. (XIRC), which makes high-tech communications products for computers. Xircom, which lost money last year, trades at a P/E of 38, based on expected earnings for 1998. The stock is up 162 percent this year and has doubled since mid-June alone. It's a favorite of analyst William Becklean of Tucker Anthony, Inc., the Boston investment firm.

A momentum stock with a more conventional line of business is Tricon Global Restaurants, Inc. (YUM), which owns Kentucky Fried Chicken, Taco Bell and Pizza Hut and was spun off from Pepsico, Inc., last September. Shares soared from \$31.21 Monday to \$39.63 Thursday on higher earnings

Other hot stocks in recent days: Ball Corp. (BLL), which makes jars; Amazon.com Inc. (AMZN), the on-line book and music seller, which has tripled since May, Kroger Co. (KR), the supermarket giant that has been cated lately as a possible buyer of another chain; Ormicom Group Inc. (OMC), a string of advertising agencies whose stock has jumped 25 percent since June; and Pimey Bowes Inc. (PBI), also up 25 percent in two months.

turns in the market as a whole. If you think the market will rise, then buy S&P 500 Depositary Receipts, more commonly known as SPDRs or "Spyders." These are shares that trade on the American Stock Exchange (symbol: SPY) and represent one-tenth the value of the Standard & Poor's 500-Stock Index. But most timers these days will probably want to bet against the market. After all, if you're a bull, you

Market Timleg. Try your hand at predicting the

can buy the stocks themselves. One way to take a bearish position is simply to sell

SPDRs short, which means borrowing shares and selling them today and then returning them to the lender at a future date when they are (you hope) worth less - or, even better, worthless. Short sales, however, involve borrowing costs and possible margin calls.

Another way to win a bet that the market will fall is to buy bearish mutual funds, including Rydex Ursa (1-800-820-0888), ProFunds UltraBear (1-888-776-3637) and Prudent Bear (1-888-778-2327).

The Rydex fund simply shorts the S&P index (or buys "puts," which is doing the same thing). The ProFunds is leveraged so that shareholders earn roughly double the inverse performance of the S&P: If it falls 20 percent, they make 40 percent, if it rises 20 percent, they lose 40 percent. And the Prudent Bear fund takes short positions in stocks. This year, it's down 23 percent.

Dogs of the Market. You can also use your FGA for buying stocks that have been beaten down, in order ride them up. Be aware that this can be a risky strategy fur short-term on-line traders since sleeping dogs can lie for a loog, long time before rising.

The best (or worst) of the dogs can be found, of course, in Asian markets. Daniel Siever, editor of the PAD System Report, suggests Korea's Pohang Iron & Steel, the world's most efficient producer, which trades as an American Depositary Receipt (ADR) on the New York exchange (symbol: PKX). Pohang stock is down 57 percent in the past 12 months and 40 percent since March alone. Its P/E, based on estimates of 1999 earnings, is just 6.5.

Another way to bet on Asia's dogs is to buy shares

of closed-end country funds, which are portfolios that trade just like individual shares on U.S. exchanges. The Korea Pund (KF), for example, jumped from \$5.50 to \$8 a share between mid-June and mid-July, but has since fallen back below \$6. The Thai Fund (TTF) fell 25 percent in 1996 and 67 percent in 1997. And the Indonesia Fund is off 61 percent in the past 12 months. Are turnarounds ahead? FGA plays, on-line or not, are not much different

from gambling. As long as you remember that, you

can have fun and learn something, too. Just don't

confuse what you're doing with investing.

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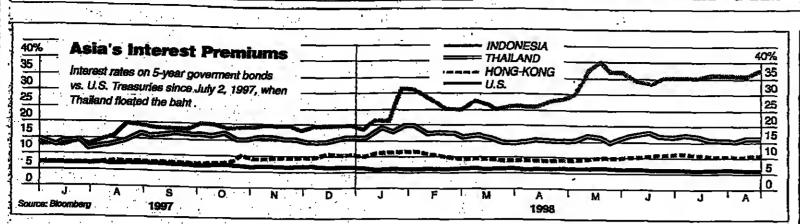
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THE MONEY REPORT



Getting a Fix on Asia's Floating Currency Factor

By Philip Segal

HE biggest change in the risk profile of Asia over the past year is in the area of currencies: they used to be fixed, for the most part, and now they float. Even the Hong Kong dollar, which is still fixed, is seen by the market as mining a much higher risk this year that it will come unpegged from the U.S. dollar. How else to explain that Hong Kong bond yields used to be the same as American ones, but that three-year Hong Kong government paper now has to yield 3 percentage points more than U.S. Treasuries to attract investors? As interest rates in Asia have soared, offering

tempting fixed income yields, some analysts have come to the conclusion that stocks are just too risky, given the alternative. Why buy Indonesian stocks, asked Robert Medd at Deutsche Securities Asia Ltd., when you could invest in Indonesian rupiah bonds by entering into an interest rate swap guaranteed by Dentsche Bank and still make 30 percent? Of course, there is risk the rupiah will fall further, but that is the same currency risk you incur on the stock market.

Indonesia is an extreme case, but Mr. Medd's quantitative analysis team reminds investors of a this minimum return, known as the "cost of equity," there is no point in taking the extra risk.

Here is how the calculation works: Asian stocks should first of all pay a risk premium - the reward an investor should want for taking the greater risk of owning stocks in a comparatively volatile market. Hong Kong's equity premium over owning U.S. stocks, for instance, was 6.2 percent in May, as calculated by Deutsche on the basis of the markets' volatilities. This was based on the fact that Hong. Kong's market is almost three times as volatile as

In addition to offering a higher total return than U.S. stocks, though, Hong Kong stocks should also have better prospects than safer Hong Kong debt, to compensate for the greater of risk of owning rather than lending — a company. Take a 10-year U.S. Treasury note yielding, at the time of the calculations in May, 5.7 percent — about as free of risk as any investment can get. Add on the extra 1.4 percent you could have earned with a Hong Kong

Mass Transit Railway Corp. bond backed by the ketplace." Little wonder that the price of Thai government, and then add another 1.8 percent for Farmers Bank PCL has plunged from 88 baht he exchange-rate risk, calculated by Deutsche

Bank from differentials in interest-rate swaps. What it all adds up to is a cost of equity of 15.1 percent. If your stock investment cannot make that over the course of a year, better not to bother. The cost of equity in Hong Kong is high by U.S. standards, but it is the lowest in Asia other than Singapore. With the cost of capital so high, is it any wonder companies in Asia are hemorrhaging

money and economies into deep recessions?

Of course, there are still stocks that should earn more than their cost of equity, but not many. In assembling a list of 10 core holdings in Asia. Deutsche assumes that companies will have to acquire capital at the cost of equity. For a stock to look like a buy osing this model, it will have to make more than the cost of its capital—a

test that many Asian companies have failed over the past decade. Given this daunting task and the expec-tation that capital will remain expensive in

Asia for some time to come, Deutsche's top 10 picks in Asia are all cash rich. There is no problem in estimating the companies' weighted average cost of capital, since none of them are expected to need to raise any money. The top two picks --Sheuzhen Expressway Co. and Dairy Farm Intersimple premise. You should make more money national Holdings Ltd. — are trading at less than four investing in stocks than in debt. If you cannot earn times free cash flow, and their annual cash flow covers their debt interest payments by more than 50 times. They trade in Hong Kong and Singapore,

> Other picks include VTech Holdings Ltd., Elec & Eltek International Co. Ltd., Singapore Press Holdings Ltd., and two Hong Kong otilities: CLP Holdings Ltd. (formerly China Light & Power) and

Hong Kong & China Gas Co.

A related concern for anyone searching out a company with manageable debt is a risk that has been company with manageable debt is a risk that has been there all along in Asia, but used to be ignored or at best glossed over by the majority of stock analysts in the region: a lack of information. Disclosure in Asia is a bad joke, even as financial systems and individual companies fight for their lives.

Still eager to buy something Asian? Take heart from the fact that a Hoog Kong strategist, Marc Faber, once the biggest bear on the region's economy, ow figures some Asian stocks could be worth buying. Even though he foresees terrible economic times ahead, he is most scared of the lofty is a bad joke, even as financial systems and in-dividual companies fight for their lives. 'Nobody believed Siam Commercial Bank's 12

Indocam Asset Management in Hong Kong, and Thai Military Bank is on tenuous ground as well. "This continues to be the major risk to the mar-

(\$2.12 currently) to 37.50 baht since its rights issue. In that time, the baht itself has fallen too.

Consolidated balance sheets are a must if you want to assess the risk of big debts hitting the company you own, but these are a overly in much of Asia. The development of the consolidated by the consolid of Asia. The day of the consolidated balance sheet is oow dawning in South Korea, which like Japan features companies that have tended to provide cross pledges to guarantee each other's debis. Still, it is early days yet. The fact that the official estimate of the bad debts in Japan's banking system recently rose by 40 percent overnight gives some impression

of bow rudimentary accounting in Asia has been.

Debt can still be hidden easily in Hoog Koog as well, even though it has had consolidated balance sheets for years. Old hands in the territory know to look with skepticism at promises by Hoog Kong companies that they are oot highly leveraged. While the parent company that trades may not be, open the annual report of most of Hong Kong's largest companies and there will be dozens if oot several hundred associate companies, often 49 percent-owned by the listed firm. Debt oo the books of associates oeed oot be consolidated in the listed company's balance sheet, so there is often no sure way to know bow much borrowing a company has

In the end, if you opt for Asian bonds over stocks, there is good reason they have to pay you so much more interest than U.S. paper: that currencies in the region will fall. David Roche of Independent Strategy, the research firm, figures that with domestic debt levels far in excess of foreign debt in most Asian countries, governments in the region will have no choice but to inflate away some of their domestic debt by printing money. Inflation is the enemy of the bondholder. As for bolders of foreign debt, there is always default risk to worry about.

"Nobody believed Siam Commercial Bank's 12 levels of markets in the U.S. and Europe. "Stocks percent nonperforming loans disclosure," said Ray in Asia are down to 1985-86 levels," he said. "The Jovanovich, a Thailand expert and fund manager at Nikkei is a better buy than the Dow Jones."

IBBOTSON ASSOCIATES produces as across fractional Equity Risk Pressia Report, which calculates the risks of owning stocks in 15 countries, compared with risk-free bond-market returns in each of those markets. It come \$100, and can be

Country Funds in Decline

Coming of the Euro May Make Them Obsolete

By Conrad de Aenlle

N LESS than five mooths, there will be a single European economy and currency where there are now 11, and in a few years a single regional stock market may handle much of the trading now dooe on national exchanges. Yet dozens of closed-end stock funds targeting individual countries in the euro zone cootinue to

Barely. Single-country funds, many of which trade on stock exchanges in London and New York, are typically small and lightly traded. Interest is reserved for small investors - institutions such as pension funds have cheaper and more efficient ways to invest — who have personal or financial ties to a particular country or for one reasoo or another find it to have greater growth prospects or more attractive valuations than

As Economic and Monetary Unioo ap-proaches, such reasons are vanishing, in the opinioo of Vivian Lewis, editor of the newsletter Global Investing.

"Managers will have a hard time justifying a fund investing in stocks from Austria or Germany or France or Italy when these countries have a common currency," she wrote in a recent issue. "The key investment decision for France Growth Fund will oot be whether to buy Renault or Peugeot but whether to buy Fiat or Daimler Chrysler or Volkswagen or Saab. With national frootiers down and stocks all trading in euros, there

will be no logic for the survival of country funds" investing in the region.

A report by Credit Suisse First Boston ooted that with the advent of EMU still mooths away, there has already been a strong coovergence of stock-market performance in the participating countries, fol-lowing convergence of interest and foreign-

exchange rates.

"Although the initial effects of converstock markets of peripheral versus core Europe," the report said, "it would appear that European markets are actually becoming more correlated with one another, as would be expected as the economies become more synchronized." Peripheral considered core Europe

The harmonization of European markets persuaded Foreign & Colonial Management Ltd. to shut down its only single-country fund in the euro zone, Foreign & Colonial German Investment Trust, which was listed on the Loodon Stock Exchange. Shareholders were offered cash or shares in a Londoo-listed regional fund, Foreign & www.keft.com.

Colonial Europrust, or a combination of both. Most chose shares for all or part of

We sort of felt this action was required because the arguments for investing in a single country in Euroland bave diminished," Georgette Harrison, a Foreign & Colonial spokeswoman, said of the move, using one of the names drummed up to describe the 11-country bloc. Shareholders were told that "the prospects for a Europewide fund were much greater than for a German one. The investment style has changed; instead of looking at allocation across countries, we're now looking at allocation across sectors."

Ms. Lewis, the newsletter editor, predicted that other fund managers would seek approval from shareholders to expand the horizons of country funds. When that happened, she said, shareholders, already grumpy because many country funds trade at prices far below the valoe of the holdings in their portfolios, will intensify pressure on managers to take steps to narrow those

Don Cassidy, a specialist in closed-end funds at Lipper Analytical Services, a fundindustry research firm, is skeptical. He pointed out that efforts hy shareholder activists against closed-end funds have almost universally failed and that unless managers have complementary funds in their stables, there is little incenove to alter a country fund's bylaws.

"The various funds, with just a minority of exceptions, are run by different management firms, so there is an institutional issue here about giving up assets — and future fee streams — unless paid for exiting in a merger, since only one firm ends up surviving to manage a merged fund," he explained. "So far I have heard on rumblings of inteotions to open-end, liquidate or merge the single-country funds" listed in the United States.

Thomas Herzfeld, an investment adviser gence have been markedly different oo the and authority on closed-end funds, agreed that managers would be reticent to yield control of their funds but said that they might

expand their portfolios geographically.
"I don't buy into any thenry that says these funds are going to go out of business, because the managers woo't want to let countries include Italy and Spain, France, them go," Mr. Herzfeld said, "Could they Germany and the Becelux countries are modify their iovestment objectives to include sector allocation or investment throughout Europe, not just a single country? Quite possibly. The closed-end fund structure offers flexibility to modify investment objectives, but I baveo't seen any proposals based on monetary unioo.

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Coming to Terms With Idea of Risk

Continued from Page 15

pensated for or how much quired." Government bonds have always been thought safer than stocks because they promise a return of capital at a known date and trade with less volatility.

Proponents of reduced risk biggest risks in investing, Mr. Dimson of the London Business School said: counting on consistent returns.

"There is a danger that people will spend too much time allowing themselves to be concerned by past returns instead of volatility," he cautioned. "People want to put money in the Dow Jones, oot Japan, or into Berkshire Hathaway or funds at the top of the rankings. They spend time and money exiting funds and doing badly. That's probably a greater sin than focusing excessively on risk. If you assume that risk remains the same in the future and past, that's fairly innocuous, but if you assume that performance remains the same, it's dan-

WILLIAM SHARPE, investor of the Sharpe state, maintains a website with information about risk and other investment masters at twent-sharpe stanford-orbit

No-Risk Funds: A Free Lunch?

Continued from Page 15

percent quarterly floor, Mr. Millward pointed out, so the sleep may be troubled and fid-

gety.

"Floor funds are quite use ful, but you must think of the worst-case scenario: The market could trickle down and the money disappears overnight," he said. "They would protect somebody who thinks there's a big crash coming, but then why are they in the market? With the sales charge, they could easily be down 20 percent in the first year. Think about the psychology of this investor. It could easily kill him."

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Merrill Lynch Sets Plan for Investors

BRIEFCASE

for global investors in light of ing markets in the months Russia's problems in repaying its debt and Hong Kong's asset prices up:

· A cautions approach to premiums ignore one of the global equities, with an einphasis on bonds and cash. Merrill warned that earnings estimates, especially in America, "may be underesdeflationary pressures in the

world economy.

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commended a four-point plan crease in a number of emerg-

timating the severity of the Bank of New York and Citibank, on the Internet.

• A preference for Euro-pean stocks over those in the ularity of ADRs, dollar-de-United States, where the nominated shares of non-U.S. economy "seems to be near companies that trade in the the end of a long investment United States. Trading boom." Volume in ADRs soured to 15 For the long-term, bar-gain-hunting in Asia. Even percent leap over 1996, acthough the region's econo-cording to Bank of New mies have "serious structural York. The receipts have won problems that will take time a following because they to sort out," current low avoid many of the hassles of prices for securities mean buying on a company's home
'Asia seems to be where the exchange, like high broker-

"Global economic growth

purchase of stocks to keep its From J.P. Morgan, An ADR Website

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Global economic growth J.P. Morgan's site features appears to be slowing," the more than 400 ADRs from strategists wrote, "led by the Morgan's stable and from the problems in Asia. This points other banks. Joan Goldstein, a

North Star

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The website provides data and price quotes to current news stories and analysts' carnings estimates on each

fering has cornered the market in terms of oumbers. It bank, and a group of recently privatized Chinese companies, plus ADRs sponsored by other banks. Besides onepage fact sheets, market quotes, financial data and links to company bome pages, BONY offers foreignexchange information and a

monthly oewsletter oo global investing trends. Citibank lists only its own depositary receipts, roughly 350, including Deutsche Telekom AG and Grupo Televisa SA, the Mexican broadcaster. The site offers quotes and in-depth company

of volatility.

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Hedge, an industry journal tracking hedge fund performance,

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New York have information overseas markets. Bank of New York's of- on their web sites about programs that allow investors to buy their ADRs without sales boasts more than 1,000 commissions. Citibank will ADRs. These include its own have its direct purchase pro-

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Banks Join to Offer Issues in Singapore

Melloo Bank Corp. has formed an alliance with United Overseas Bank to offer mutual funds and other asset-management products

to investors in Singapore.
The fund-management arms of each bank are coninformation on all its ADRs, sidering taking stakes in each and also allows an investor to other or forming a joint ven-

to weakness in the demand for marketing executive, said the research issues that could ture. They also plan to offer the exports of many emerg. ADRs selected were "major, have an impact on the per- mutual funds similar to those ing-market economies." As widely held companies," in- formance of a depositary re- of Mellon's Dreyfus Corp. Strategists at Merrill well, 'worries about political choling British Petroleum Co. ceipt, such as the economy of subsidiary in Southeast Asia ynch & Co. this week re- and social stability may in- and Telefonos de Mexico SA. its home country. Citi also along with services for insti-

The outlook for pensionfund privatization around the they work. World has attracted a non-orJ.P. Morgan and Bank of American fund managers to

Goldman, Sachs & Co., for example, is working with Asah Bank Ltd. to develop investment-trust products, which are similar to mutual offerings, such as ABN Amro gram oo its web site by the funds. Fidelity Investments is Holding N.V., the Dutch end of this year. (IHT) already offering its funds at Asahi and three other Japanese banks through booths staffed by its own employ-

> In Britain, Morgan Stanley Dean Witter & Co. has begun marketing a limited range of

no-load equity funds to British investors, while Mellon itself receotly purchased a 75 percent stake in Newton Investment Managemoot and has entered ioto alliances in Brazil, Chile, Hoog

Koog and Japan.
Mellon, which is based in
Pittsburgh, also owns the Founders mutual-fund family. (Bloomberg)

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of American League umpires in selling baseballs that were used in

David Wells's perfect game to a

Baseball's top security official. Kevin Hallinan, told The New

York Times that the AL had asked

him to investigate, but he did not

provide details. An AL spokes-

woman, Phyllis Merhige, con-

A Long Island sports memora-bilia dealer who said he bought 14

balls used in the perfect game that

the New York Yankee pitched

against the Minnesota Twins on May 17 named Al Clark as the

umpire directly involved in the

Wells's signature and a handwritten notation that it was used in the

game, the Times said. Clark was not

part of the umpiring crew that called

from seeking autographs from

TRACK AND FIELD Robert

Korzeniowski of Poland added an-

other gold medal to his Olympic

and world titles when he won the

men's 50-kilometer walk Friday at

the European track-and-field

The 30-year-old Pole was in the

He finished the grueling course

front group from the start and began

on a muggy morning in three hours,

43.51 minutes to beat Valentin

Kononen of Finland by a 38-second

margin.
This is my third title but my

first ever European medal and now.

finally, I am a complete athlete.

Korzeniowski said. Kononen, the 1995 world cham-

pion, clinched the silver at 3:44.29.

while Andrey Plomikov of Russia

took the bronze in 3:45.53. IAPI

pulling away at 40 kilometers.

championships in Budapest

Baseball's policy bars umpires

the game at Yankee Stadium.

Pole Walks to Victory

The dealer, Mark Lewis, said Clark gave him a letter authenticating the balls, which each carried

memorabilia dealer.

firmed the investigation.

sale, the Times said.

. 17

EBO

Herald Eribune 5 PORTS

Spice Up a Twin Bill **Umpires Suspected** BASEBALL Major league baseball is looking into the possible role

He's 10 From Maris as Mets and Cards Split

McGwire's 2 Homers

By Jack Curry New York Times Service

NEW YORK - Mark McGwire was the main attraction on a glorious baseball stage and was expected to perform like some sort of home run-hitting robot. Push a bunon, then watch him swing his bat and blast another borner.

Oddly enough, McGwire somehow made it look that simple against the Mets in a doubleheader on Thursday night. He pounded two borners — his 50th

and 51st of the season — as the BASEBALL ROUNDUP

Cardinals grabbed the first game, 2-0, before succumbing to the Mets, 5-4, in

the second. Just about everyone who bought a ticket to Sbea Stadium wanted to see

McGwire go deep and see history, and that they did. McGwire exhibited a rare display of emotion following his first homer of the day, off Willie Blair in the opener, as he became the first player in major league history to drill 50 borners in three consecutive seasons, eclipsing Babe Ruth's

record of two straight seasons, which Ruth accomplished twice. McGwire pumped his fist twice, clapped his hands twice and shouted something to himself as he rounded the bases and received a rousing ovation

While McGwire was more subdued when be homered off Rick Reed in the second game, the red-beaded superstar with the tight end's frame continued to add to the notion that he will surpass Roger Maris's 37-year-old record of 61 homers in a season.

from the enemy-turned-envious fans.

McGwire had said the chase would become serious if a player reached 50 by Sept. 1. He bas hit 51 with 11 days to "I never dreamt of being in this po-

sition." McGwire said before smashing the two homers. "I dreamt about being a hig leaguer. Things happen for a reason. Hard work pays off."

McGwire uncorked his powerful swing off Blair's 2-1 slider in the seventh inning of the opener and gazed toward left field as the ball soared in that direction. There were more than 40,000 pairs of eyes gazing into the blue sky with McGwire, but his eyes were the most expressive. He could not stop looking at the ball.

McGwire's historic homer followed Brian Jordan's homer and helped St. Louis roll in the first game, which

turned into a foomote. Then, in the second game, McGwire punctuated the evening by pummeling

Reed's 3-2 pitch into the left-field screen in the first inning.

It obviously hotbered the Mets' manager, Bobby Valentine, that the fans treated McGwire as if he had "NY" on his cap, but the Mets regained some support in the nightcap by erasing a 4-1 deficit with two runs in the fourth on Mike Piazza's 464-foot borner and two more in the seventh on Rey Ordonez's run-scoring double and Tony Phillips's

McGwire whiffed for the third time this year against Turk Wendell with the Cardinals down by a run in the eighth, but it was still an unforgettable night in his dramatic pursuit of Maris. In other games, The Associated Press

RBI groundout

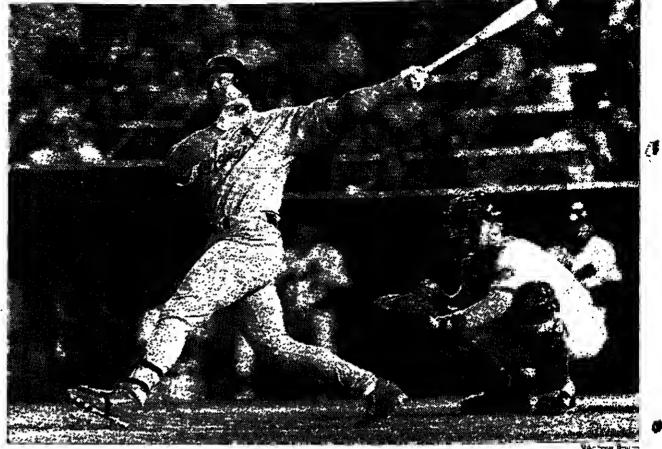
reported: Cubs 7, Giants 3 In Chicago, Glenallen Hill hit a pinch-hit grand slam as

the Cubs beat San Francisco. It was Hill's third home run of the year and the fifth grand slam of his career. Sammy Sosa was 0-for-5 with three strikeouts, a day after hitting his 48th bome run. Phillies 11, Diamondbacks 1; Dia-

mondbacks 12, Phillies 9 Devon White hit a three-run homer in the top of the 11th inning as Arizona rallied from a five-run deficit to gain a doubleheader split with bost Philadelphia. Curt Schilling struck out 14 and

tossed a four-hiner, and Scott Rolen and Bobby Abreu each hit three-run bomers to pace Philadelphia in the first game. Rockies 6, Expos 3 in Montreal, Darryl Kile struck out a career-high 14 on the

way to his first road victory since May. Kile (10-14) allowed three runs on nine hits in seven innings to win his third



The Cardinals' Mark McGwire became the first player in history to hit 50 homers in three straight seasons.

Pirates 6, Rods 5 Manny Martinez hit they had held the lead at least once an RBI single in the ninth over a drawnin outfield to give Pittsburgh a victory over visiting Cincinnati.

Padres 2, Braves 0 In Atlanta, Kevin Brown combined with three relievers on an 11-hit shutout, and San Diego once again pulled within a game of Atlanta for the best record in the National League. Dodgers 2, Martins 1 Jim Eisenreich

walked with two outs and the bases loaded against bis former teammates to break a 10th-inning tie as Los Angeles beat the Marlins in Miami. The loss ensured that the defending World Series champion Marlins would finish below .500 this season. They are 45-82.

Brewers 5, Astros 5 In Milwaukee, Fernando Vina's fourth hit, a one-out single in the 10th inning, gave the Brewers a victory.

The Brewers took advantage of reliever Billy Wagner's error to score the tying run in the ninth.

Twins 9, Yankees 4 In Minneapolis,

ended as Ron Coomer's solo bome run in the second inning started Minnesota Coomer drove in three runs as the

Twins swept the two-game series, the

first time the Yankees have been swept since losing a season-opening twogame set at Anaheim. Rangers 8, Indians 2 In Arlington, Texas, Juan Gonzalez became Texas's

career hit leader when he connected for his 35th home run as the Rangers defeated Cleveland. Gonzalez gave the Rangers a 1-0 lead in the second inning with his homer off

Dave Burba (10-9). It was Gonzalez's 1,181st career hit, pushing him past Jim Sundberg for the most in Rangers' history. With the homer, Gonzalez tied Sammy Sosa of the Chicago Cubs for the RBI lead at 121.

Devil Rays 4, Orioles 2 In Baltimore, Tony Saunders pitched seven innings of four-hit ball, and Bobby Smith snapped the Yankees' modern major league re-cord of 48 consecutive games in which as Tampa Bay blunted the Orioles'

Bubba Trammell homered for Tampa Bay, which became only the second expansion team in major league history to win a season series from a reigning division or league champion. The Devils Rays went 7-5 against the defending AL East titlists, including 5-1 in Baltimore.

second-half surge with a victory.

Cal Ripken tied Brooks Robinson's franchise record of 2,848 hits with his 10th borner of the season, and B.J. Surhoff went 3-for-3 with a home run for Baltimore.

Royals 8, Red Sox 2 Terry Pendleton hit a three-run homer and drove in four runs as the bost Royals beat Boston and snapped a five-game losing streak. Pendleton's home run, his second of

the year, gave the Royals a 3-2 lead in the first inning. He added an RBI groundout for an 8-2 lead in Kansas Cirv's three-run fifth. Hipolito Pichardo (7-8) got the victory, but he left after five innings because of soreness in his right elbow. Boston starter Pete Schourek (0-2) is

still looking for his first AL victory since coming over from the Astros on Aug. 6.

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Teams Aplenty, but Few Good Names

International Herald Tribune BOSTON - New basketball and

American football leagues are in the planning stages, and they are creating fears for an already depleted market. The crisis has nothing to do with players - there will always be plenty of college-trained talent looking for work. The problem is the official team nick-

Since they won't copy existing names, what are the owners of the new franchises going to name their clubs? All of the good names have already been

taken. The Chicago Bears - that's a good name. The New York Giants: excellent. The Minnesota Vikings was perfect, until they moved to a carpeted bome indoors with a huge TV screen they should have become the Couch Polutoes. Nicknames in American sports have

hit a dead end. The best minds in the naming business have apparently gone to work for advertising agencies and network news programs, leaving sports with the same humdrum ideas, usually an intimidating animal on the point of extinction.

When Florida and North Carolina were handed National Football League franchises a few years ago, they chose pasically the same beast - becoming the Jacksonville Jaguars and the Carolina *Panthers*. The problem of names is not so great

elsewhere. In Australia they give their

rugby teams aicknames such as Broncos, but many of the top soccer clubs in Europe follow a more traditional path. Having risen up naturally within their cities generations ago, the European clubs stick with a variation on the name of that city or district, perbaps with an addition that hints at their roots: there

are four teams in the English Premier

League called United.

In America/IAN THOMSEN

Nicknames are created by fans rather than by the teams - if Southampton is playing Arsenal in the Premiership, the score doesn't appear in the papers: Gunners 4. Saints 0.

Gunners is an excellent nickname, by the way, but it wouldn't work in America. Because of firearms violence in the U.S. capital, the Washington Bullets re-

The best minds in the naming business have apparently gone to work for advertising agencies and network news.

cently changed their name to the tepid Wizards, chosen after a vote by the

Ethnic nicknames are no longer acceptable, which is good. The Atlanta Braves and the Washington Redskins have withstood calls to change their

If I were commissioner of the npcoming minor basketball league, all of the teams would be named after smart people and presidents. The Chicago Einsteins would play against the Philadelphia Teddy Roosevelts. The league could name a team the Orlando J.D. Salingers, after the reclusive aothor. without ever really putting a team in

The team logos would be nothing more stylistic than the most famous photograph or portrait of each great man. You would sell a lot of T-shirts. The new soccer league in America. Major League Soccer, went with the Sports Illustrated magazine.

flow and named its clubs the New England Revolution and the Kansas City Wizards (that one again),

In one case it tried to mimic the English by naming its team in Washington United. But American newspa-pers, out of habit, refer to it as "the D.C. United "

The fledgling Women's National Basketball Association has tried, nobly, to undertake a new direction by inventing teams like the Cleveland Rockers and the Utah Starzz. The Cleveland Rockers would have brought to mind Whistler's Mother. The Star were christened in identification with the NBA team, the Utah Jazz, a name selected when the team lived in New Or-

Now, however, the franchise is based in Salt Lake City, a choir and sheetmusic town.

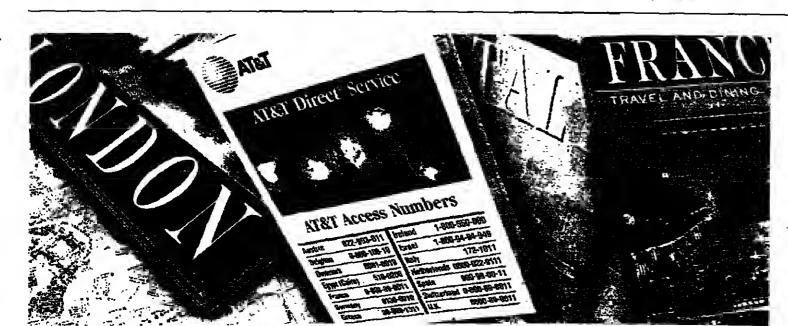
In any case, what does Starzz mean? Nicknames aren't bad. They are proof that sports is an entertainment, a In other countries it's easier to get carried away when it's simply our city,

against yours. And then there's noble Inventus, which within Italian soccer sounds like an ideal, a cause. Meanwhile we bave our quaint Milwaukee Brewers and Green Bay Pack-

ers, whose fans show up for games wearing helmets shaped like cheese. Supporters of the old Cleveland Browns used to dress up like dogs. A' nickname like that just isn't worth fight; ing for - unless, maybe, the opponent happens to be a Jaguar, a Paraher or a

Ian Thomsen is a senior writer for

Cincinnati Bengal.



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SPORTS

Double Loss for Giants

Sehorn Hurt as Jets Win Preseason Battle

By Bill Pennington New York Times Service

am Rain

EAST RUTHERFORD, New Jersey
The New York Jets rallied to defeat
the New York Giants, 27-23, in their annual preseason game at Giants Sta-Thum. But for the Giants and their fans, the game will not be remembered for how it ended but how it began: Jason Schom sustaining a season-ending knee injury returning the opening kickoff.

Sehom, a star cornerback whose ad-Jed role as a return man was considered risky because it jeopardized one of the Indian in ? feam's most valuable players, tore an-Terior cruciate and medial collateral lig-aments at the end of a 33-yard runback Thursday when he fumbled the football and went down in a tangle of bodies.

As Chris Hayes and Ray Mickens tackled Schorn, the Giant's right leg bent at an awkward angle beneath his

hody. He will have reconstructive surgery in the next seven to 10 days.

It was the first kickoff that Sehorn, one of the fleetest Giants, had returned for the team. The team had decided to use Schorn to return kickoffs because he had asked to do so and because the Giants' kickoff return average last season was the worst in the National Foot-ball League.

* After limping to the sideline, Schorn was briefly examined on the beach by team doctors and theo taken off the field on a cart so his knee could be X-rayed.

While being examined on the side-line, Sehorn briefly buried his head in a towel as several players came over to console him. Coach Jim Fassel also stopped by to talk to Seborn.

The second section of the second seco

The winning score for the Jets came on an SI-yard touchdown pass from the reserve quarterback Vinny Testaverde to the wide receiver Dedric Ward mid-

way through the third quarter.
Testaverde's pass to Ward was precisely thrown, arching just over the rookie safety Shaun Williams.

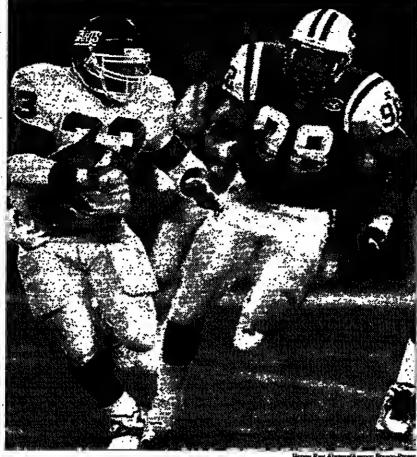
The touchdown pass came one play after the running back Tiki Barber spoiled what had been a fruitful Giants drive with a fumble at the Jets' 19-yard

The Giants' final possession in the last minutes of the fourth quarter stalled at the Jets' 43-yard line.

Earlier, the starting quarterbacks for both teams performed well. Glenn Foley of the Jets completed 14 of 22 passes for 192 yards with one touchdown and one interception. Danny Kanell of the Giants completed 16 of 25 passes for 156 yards.

It was in the first half that the teams looked sharpest, with the first-string offenses trading scores and moving up and down the field in what was the best display of offense for either team during the 1998 preseason.

The Jets scored first, taking advantage of Sehorn's fumble. Foley completed three passes in a six-play drive.



Gary Brown of the New York Giants is chased by Anthony Pleasant of the New York Jets in a preseason game at Giants Stadium in New Jersey. Brown made an impressive debut as a starting balfback for the Giants.

IOC Stance Raises Hopes

By Steve Keating Special to the Herald Tribune

LAUSANNE, Switzerland Olympic headquarters was awash with posturing and tough talk in the wake of the International Olympic Comminee's proposal to set up a global agency to lead the fight against performance-en-

hancing drugs. But while much of the talk had a familiar ring amid the 10-year anoiversary of Ben Johnson's steroid-

VANTAGE POINT

fueled 100 meter dash to infamy at the 1988 Summer Games in Seoul, there

was a difference. Unlike earlier rhetoric, there was a sense of urgency in the tone of the statement issued by the IOC's president, Juan Antonio Samaranch, at the end of the emergency meeting Thursday that was called to confroot a doping crisis that threatens the foundation on which the Olympic movement was huilt - fair

play and sportsmanship.
Staggered by a stunning succession of drug scandals, the IOC called the session to lay down an agenda for a two-day drug summit meeting in February, saying it would invite government officials, scientists, lawyers, pharmaceutical companies — and athletes — to help it map out a detailed battle plan to purge

the Olympic family of drug cheats. But as the IOC executive board flexed its muscles for the world's press, it remains to be seen if it has the strength to follow through oo its coovictions. In the aftermath of the Johnson scan-

dal, a similar plan for a commando style, fly-in drug-testing team was developed, but it never got off the ground.

'This won't slip through the cracks like before,' said the IOC's vice president, Dick Pound, who is in charge of

organizing financing for the new project. "It will either fall into a gaping hole or work. I think what happeoed with the Tour de France made it clear to all the federations how vulnerable they are. In the decade since the doping prob-lem raced into the spotlight at the Seoul Olympics, the IOC has wrestled with the doping issue without much success. A summer of drug scandals, ootably those

performance-enhancing drugs in sports has reached epidemic proportions. The initiatives announced Thursday, which also included a call for a uniform doping code, are unlikely to leave drug-using athletes shivering in their spikes,

that scarred the world's most prestigious

hicycle race, suggested that the use of

however. The IOC has indicated it is prepared to pour as much as \$40 million into the oew agency, but admitted it has no foolproof method of testing for the drug du jour — erythropoietin, more com-monly known as EPO — which is a synthetic hormone that stimulates the production of red blood cells.

Prince Alexandre de Merode, head of the IOC's medical commission, said: 'We do realize we will never be able to remove doping completely, but we will oot lose this fight.

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Yokohama 5, Chunichi 4 (11 Innings)

SOCCER NFL PRESEASON New York Jets 27, New York Giants 23

THE WEEK AHEAD

SATURDAY, AUGUST 22 ATHLETICS, Sudapest Hungary — EAA. s Championships, to Aug. gal — African Athletics

European Affidelics Championships, to Aug. 23; Dokar, Senegal — African Affidelics Championships, to Aug. 23.

GRECKET, Southampton — Hampshire vs Sri Lanks, to Aug. 24.

GOUS, Dubbin, Ireland — PGA European Tour, Smiriti European Open, to Aug. 23: Castle Rock, Colorado — U.S. PGA Tour, Sprint International, to Aug. 22: Maple Grove, Minnesota — U.S. PGA, Edina Reathy Classic, to Aug. 23: Mishima, Japan — Japan LPGA, Caterpillar Müsuhishi Ladles, to Aug. 23; Jericho, New York — U.S. Senlar PGA Tour, Northwile Long Island Classic, to Aug. 23.

MOTOR RACING, Finland — hvo-liter World Cup. FIA, Finland Railly, to Aug. 23.

REJERTY UNION. Johannesburg — South

world CUP, FIR. Finding rouly, to Aug. 21.

RUGBY UNRION, Johannesburg — South
Africa vs. Australia, Tri-Nailans; Suenos
Aires — World Cup Americas zone final quolHying fournament, Uruguray vs. United States
Argentina vs. Canada,
BOCCIER, Palma — Spanish Supercup,
second log, McBorcavs, Borcelona; Liverpad
Liverpad, vs. Areagal, English promise second leg. Mattorca vs. Barcelona: Liverpool —Liverpool vs. Arsenal, English premier TINUISS. Indianapolis, Indiana -- ATP
Tour, RCA Championships, to Aug. 23; New
Hower, Connecticut -- ATP Tour, Pilot Per
International to Aug. 23; Montreat Canada
-- WTA Tour, du Maurier Open, to Aug. 23.

SUNDAY, AUGUST 23 CYCLING, Zurkh, Switzerland — UCI, World Cup, Swies Grand Prix. MOTORCYCLING, Bria. Czech Republic — Czech Republic Grand Prix.

MONDAY, AUGUST 24

BASEBALL, Williamsport, Pennsylvania –LLB, Little League World Series, to Aug. 29. GOLF, Rochester, New York – USGA, U.S. Imateur Golf Championship, to Aug. 30. TENNISS, Boston – ATP Tour, MFS Pro-Championships men's tournament, to Aug. 30: Long Island, New York — ATP Tout, Hamlet Cup men's tournament, to Aug. 30; Atlanta, Georgia — WTA Tour, Women's U.S.

TUESDAY, AUGUST 25 ATMLETICS, Lausanne Switzerland — [AAF, Athletissima Grand Prix (Class I). GYCLING, Netherlands — Tour of the SOCCER, various sites — UEFA Cop second qualifying round, second leg.

WEDNESDAY, AUGUST 26

PRADMINTON, Moscow—World Grand
Pitx series, to Aug. 30.
CYCLING, Bordeoux—UCI, World Championships (frock), to Sept. 30.
SOCCER, various sites — European Copsecond qualifying round, second leg: Guayaquil, Ecuador—CONMEBOL, Copa Libertodores, finals, second leg. Barcelons (Ecuador) vs. Vasca da Goma (Brazill) Virginio Seach, Virginio —USSF, U.S. Open Cup Final, Columbus Crew vs. Chicago Fire,
THURSDAY, AUGUST 27 THURSDAY, AUGUST 27

ATHLETICS, Brussels, Belgium — IAAF, Memorial Van Dommes Golden League senes. CRICKET, London— England vs. Srl Lanka, one-off test, 10 Aug. 31. GOLS, Munich— PGA Europeon Tous, BAW International Open, to Aug. 32 Alron. "Ohio —NEC World Senies of Golf, to Aug. 30. Sorrey, Canada — U.S. PGA Tous, Greater

Vancouver Open, to Aug. 36: Hoshima, Japon

— Jopan PGA, Hisamitsu KBC, to Aug. 30.

soccess, Monaco — European Champians' League draw, various sites — European
Cup Winners' Cup qualifying round, second
leg: UEFA Cup second qualifying round,
second leg. (stanbulspor (Turkey) vs. Arges
Pitesti (Romania).

FRIDAY, AUGUST 28

GGLF, Norlia, Japan — Japan LPGA, Goyo Kenselsu Lodies Cup, to Aug. 3b Concard, Mas-sochusetis — U.S., Serilor PGA Tour. Bankles ston Classic. to Aug. 3b Springfield, Misrois — U.S. LPGA, State Form Rail Classic, to Aug. 30. SOCCER, Monoco— Draw for first round of European Cup Winners' Cup and UEFA Cup: Monoco — European Super Cup final Real Madrid (Spain) vs. Chelsea [Eng-

SATURDAY, AUGUST 29

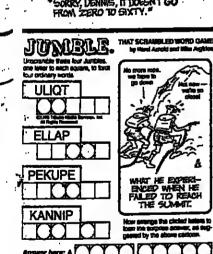
MOTOR RACING. Spo-Francorchamps.
Belgium — FIA, Formula One, Belgium Grand
Priz, qualifying.
RUGARY UNION, Sydney—IRB. Australia
New Zeoland, Stedisloc Cup.
BOCCER, Luando— Angola vs. Zimbabwe, Cosafa Castle Cup tournament.

SUNDAY, AUGUST 30

ATHLETICS, Riefi, Holy — IAAF, Grond Prix (Class ID): Glosgow. Scrittand — BAF, Spar British Challenge, Sritoin vs. United States. CYCLING., France — Western France Grond Prix.

MOTORCYCLING., Zeitung. Austria — Supertiike world championship. round 10: Belgium — Grand Prix Eddy Mercice, Motoro RACHMG. Spa-Francorchamps, Belgium — FIA. Formula One. Belgian Grand. Prix.





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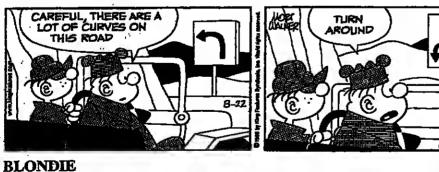
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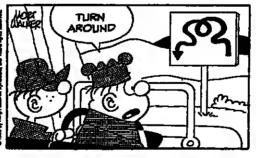


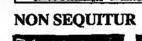




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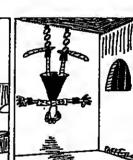






A WORMEN LIKE THAT?

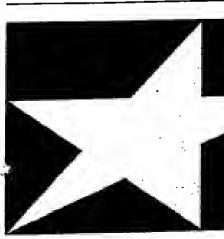








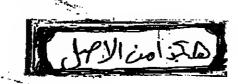




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DAVE BARRY

'Woon!' Alive in Paris

MIAMI — Today I'll be concluding my two-part series on Paris. France. In writing this series, my goal, as a journalist, is to provide you with enough information about this beautiful and culturally important city so that I can claim my summer vacation trip there as a tax deduction.

My topic in Part Two is the historic tourist attractions of Paris. The Parisians have been huilding historic attractions for more than 1,500 years as part of a coordinated effort to kill whatever tourists manage to escape the drivers. The key is stairs.

Most tourist attractions, such as L'Arc de Triomphe (literally, "The Lark of Triumph") and the Hunchback of Notre Dame Cathedral, have some kind of lookout point at the top that you, the tourist, are encouraged to climb to via a dark and scary medieval stone staircase containing at least 5,789 steps and the skeletons of previous tourists (you can tell which skeletons are American because they're wearing sneakers). Meanwhile, down

'Some of them are

still alive! We

must build more

medieval steps!"

at street level, the Parisians are smoking cigarettes and remarking, in French, "Some of them are still alive! We must build more medieval steps!"

Of course, the tallest monument in Paris is the Eiffel Tower, named for the visengineer who de-

signed it, Fred Tower. The good news is, there are elevators to the top. The bad news is, pretty much the entire tourist population of Europe is up there taking flash pictures of itself. There are so many people crowded into the smallish observation area that you get the feeling, crazy as it seems, that the whole darned Eiffel Tower is going to topple over. Ha ha!

In fact, this has happened only twice since 1991.

Paris also has many excellent art museums, the most famous being the Louvre (pronounced "Woon"). If you plan to visit it, you should allow yourself plenty of time to see everything — say, four years — because the Louvre is the size of Connecticut, only with more stairs. The museum contains 30,000 pieces of painting and sculpture, and as you walk pasi these incredible works of art, depicting humanity through the centuries, you cannot help hut be struck, as millions of people have been struck before you, hy the fact that for a whole lot of those centuries, humanity was stark naked.

To judge from the Louvre, until about 1900, everybody on Earth — men, women, children, gods, goddesses, horses basically just stood around all the time without a stitch of clothing on. There's one gigantic painting of a hunch of warriors getting ready to go into battle, and all they're wearing is swords. You expect to see a comics-style speech balloon coming out of the lead warrior's mouth, saying, "Fight hard, men! If we win the war, we can afford pants!

I think the reason the Mona Lisa is so famous is that she's just about the only artistic subject in the Louvre who's wearing clothes. On any given day, every tourist in Europe who is not on top of the Eiffel Tower is gathered in front of the Mona Lisa, who gazes out at the crowd with the enigmatic expression of a person who is

'Fight hard, men! If we win the war, we can afford pants!'

pondering the timeless question: "How come they keep taking flash photographs, even though the signs specifically prohibit this?" I enjoyed the art museums,

but for me the most moving cultural experience I had in

Paris was - and you may call me a hig fat stupid low-rent American pig if you wish — visiting a gournet food store called Fauchon (pronounced "Woon"), which contains two-thirds of the world's calorie supply. In the great art museums, I eventually reached a saturation point and found myself walking right past brilliant masterplece paintings by Van Gogh, Renoir, Matisse, LeRoy Nelman, etc., without even glancing at them: whereas after a lengthy period of browsing

in Fauchon, I was still enthusiastically remarking, with genu-ine artistic appreciation: "Whoa! Check our THESE eclairs!" In conclusion, I would say that Paris is the most beautiful city in the world, and its inhabitants have an amazing sense of "savoir-faire," which means, literally, "knowing how to extinguish a fire." I say this because one Sunday afternoon I was in a crowded cafe when smoke started billowing from a cahinet into which waiters had been stuffing trash. It was a semi-scary situation; I stood up and gestured toward the smoke in an alarmed American manner, but the French diners paid no attention. In a moment, a waiter appeared carrying some food; he noted the smoke, served the food, went away, then returned to douse the fire with, I swear, a bottle of mineral water. And you just know it was the correct kind of mineral water for that kind of fire. So the meal ended up being very pleasant. It was also --- I state this for the benefit of the Internal

Revenue Service — quite expensive. © 1998. The Miumi Herald Distributed by Tribune Media Services Inc.

The Secret Life of Charles Lutwidge Dodgson

By Alan Riding New York Times Service

ONDON - Even by Victorian standards, Charles Lutwidge Dodgson was a considerable eccentric. When the shy Oxford University lecturer veered away from his academic interest in mathematics to publish "Alice's Adventures in Wonderland" and "Through the Looking Glass," he hid behind the nom de plume of Lewis Carroll and, even late in life, refused to acknowledge that he was the author of the best-selling children's classics.

There was more. Dodgson exhibited a lifelong affection for little girls, seeking them out not only to enjoy their company and tell them stories, but also to photograph them, at times naked. His university colleagues thought this hizarre, but he evidently did not. In a letter to the mother of two of his prepubescent models, he wrote: "Their innocent unconsciousness is very beautiful, and gives one a feeling of

reverence, as at the presence of something sacred."

This year, with the centennial of Dodgson's death being celebrated here with exhibitions, conferences, walking tours, ballets, musicals, television documentaries and new publications, the personality and obsessions of the man behind the pseudonym are again being put to scrutiny.

But now, viewed through contemporary eyes, his image is no longer unhlemished. At the very least, his fascination for little girls is today considered dubious.

"I did a show of his photographs in 1974, and at the time no one asked me about pedophilia." said Colin Ford, director of the National Museum of Wales and curator of a new exhibition of Dodgson's photographs at the National Portrait Gallery in London. "This year, the question has overshadowed everything. So a quarter of a century has totally changed our views. We see pedophilia everywhere nowadays. The world has changed quite dramatically."

Ford, though, is among Lewis Carroll experts who believe

that, while clearly obsessive, Dodgson's attraction to young girls was probably motivated hy a highly romanticized view of innocence. "Victorian England had a clear ootion that a girl before puberty was as pure and divine as was possible to imagine," he said. "Then, when she reached puberty and was ready for marriage, hands off!'

Certainly, it is impossible to imagine the unmarried Dodgson — or Carroll — writing books for children unless he had a special affection for them. He was the eldest of 11 children of a Church of England priest and, as such, grew up in a household of little girls and boys. Then, in the mid-1850s, he first met the three children of Harry Liddell, the dean of Christ Church College, and for the first time could claim what he called "child friends" of his own.

Of these, Alice was the youngest and prettiest of the sisters. And it was thanks to Alice's insistence on being entertained that "Alice's Adventures in Wonderland" was born during a boat trip to Godstow Lock outside Oxford on July 4, 1862. Alice was 10 then, 20 years Dodgson's junior. By the time the story improvised that summer afternoon appeared in book form in 1865, however, Alice's mother had banished Dodgson from the Liddell household, perhaps because she feared



The Oxford lecturer better known as Lewis Carroll.

that one day Dodgson could become her son-in-law.

Dodgson was distraught. In his 1996 hiography of Carroll,
Michael Bakewell concludes quite simply that "he was in love with Alice." Certainly he continued to speak of her as his "ideal child friend," and in 1872 she was again the unseen muse for "Through the Looking Glass." The book's closing poem includes the lines: "Still she haunts me phantomwise/ Alice moving under skies/Never seen hy waking eyes."

Dodgson nonetheless continued to befriend and photograph young girls. In the introduction to a Penguin Books centennial edition of Carroll's two best-known stories, Hugh Haughton, a lecturer at the University of York, notes that Dodgson would list his "child conquests" in his diaries.

"Dodgson was the Casanova of the Victorian nursery," he offers. In the years leading up to his decision to abandon photography in 1880, Dodgson also began taking photographs of his "child friends" in the nude. "With children who know me well, and who regard dress as a matter of indifference, I am very glad (when mothers permit) to take them in any amount of undress which is presentable, or even in none (which is more presentable than any form of undress)," he wrote in his diaries.

Although only four of these nude photographs survive (he destroyed most of them before his death in Guildford on Jan. 14, 1898), these at least are not remotely salacious and are more evocative of the cherubic children who routinely appeared in the Pre-Raphaelite paintings that Dodgson admired. indeed, the photograph that experts consider most emo-tionally—and perhaps sexually—charged is "Alice Liddell-as a Beggar Girl," which shows Alice in ragged clothes, her

bare shoulders visible, her head cocked to one side.

"Yet Carroll — and Tennyson (who thought this the most beautiful photograph he had ever seen) — surely saw only innocence in it," Ford writes in an essay accompanying the show at the National Portrait Gallery. "For them, Alice's costume was simply a picturesque version of a beggar's clothes, her fixed gaze the result of having to keep absolutely

Ford said that his purpose in organizing the show, "Lewis Carroll: Through the Viewfinder," which runs through Oct. 11, was simply "to say he was a great photographer, able to take illuminating pictures of children more than anyone in the 19th century.

the 19th century."

As it happens, individual portraits of girls account for only a third of the 70 or so photographs in the show, although children do appear in other group photographs.

Dodgson's skill as a photographer is most evident in the portraits taken in his rooftop studio in Oxford where, unlike many of his contemporaries, he invariably captured his subjects in informal and natural positions, as in his famous photograph of a later favorite, Alexandra Kitchen, asteep on a couch. "His ability in establishing relaxed relationships with his sitters means that, though they had to sit still for just as long as they did with other photographers of the time, they mostly as they did with other photographers of the time, they mostly look calm, confident and not at all artificial," Ford writes.

If the children in particular seem at ease, it was also because the stammering Dodgson, who was socially dys-functional with most adults, felt at home in their company In several later memoirs, some of his young sitters recalled the fun they had visiting his studio and dressing up to be photographed. And it was with them that Dodgson evidently felt freer to develop his art; significantly, he always referred to himself as an artist.

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For Ford, any sexuality seen in his photographs remains a product of our age. He notes that popular 19th-century erotic photographs were seen as pomographic in Victorian times. "Today, they seem harmless enough, exploitative of their models perhaps, hut almost charming and surely unarous-ing," he writes. "These once-shocking images have be-come safe, while Carroll's always innocent nude children have become dangerous and threatening."



SPIN DOCTOR - Bob Geldof, the Irish pop star, announcing his new joh as a disk jockey for the revived London radio station XFM. unauthorized biography. The newsweekly Mari- Great Lakes Shipwreck Historical Society.

PEOPLE

THE actress and ambassador Shirley Temple I Black, the little girl who saved 20th Century-Fox from failure during the Depression, and Willie Nelson, who helped reinvent country music, are among six people who will receive the Kennedy Center's annual honors in the performing arts. The others are the actor-comedian Bill Cosby; the Broadway songwriting team of John Kander and Fred Ebh, who are responsible for the musicals 'Cabaret" and "Chicago," and Andre Previn, the composer, conductor and pianist, whose first opera, "A Streetcar Named Desire." will have its premiere at the San Francisco Opera on Sept. 19. They will be honored at a gala Dec. 6 at the Kennedy Center.

Jackie Gleason's family has sued a cigar store chain, accusing it of using an image of "The Honeymooners" star without permission. But an owner of the Royal Cigar Society International said it had removed the image of Gleason with a cigar in

anne apparently got around an earlier court decision, which blocked anyone from even publishing the book's synopsis, hy running court papers that cite its contents. Among the details quoted from the court papers, were Delon's alleged youthful dalliances with other actors or actresses and reported ties to shady politicians, mafia figures and mercenaries.

an ancient Peruvian vessel around the world has ended after eight months. Gene Savoy and the six-man crew of the Feathered Serpent III were rescued Thursday after their 73-foot catamaran broke up in bad weather 500 miles southwest of Christmas Island in the Pacific. The voyage was intended to prove that pre-Columbian Peru had contact with civilizations as far away as Japan and the Middle East.

The Canadian folk singer Gordon Lightfoot will The actor Alain Delon has failed to persuade a court to order a French magazine off the newsstands to order a French magazine off the newstands to order to order a French magazine off the newstands to order to order a French magazine off the newstands to order to order a French magazine off the newstands to order to order a French magazine off the newstands to order to order to order to order a French magazine off the newstands to order after it published sordid allegations from a planned Sept. 19 in Sault Ste. Marie, Michigan, to benefit the



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